



**V. SANKAR AIYAR & CO.**  
CHARTERED ACCOUNTANTS

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**Independent Auditor's Report**

**To the Members of**

**GOBIND SUGAR MILLS LIMITED**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Gobind Sugar Mills Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2021, the statement of profit and loss (including Other Comprehensive Income), statement of changes in equity, statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards including Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act and accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

The comparative financial information of the Company for the year ended 31<sup>st</sup> March 2020 included in these financial statements are based on the previously issued financial statements audited by the predecessor auditors (i.e. M/s Walker Chandio & Co. LLP) whose report dated 12<sup>th</sup> June 2020 expressed an unmodified opinion on those audited financial statements for the year ended 31<sup>st</sup> March 2020.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matters described below to be the key audit matters to be communicated as below-

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Recoverability of deferred tax assets</b></p> <p>Refer note 3(e) of Summary of significant accounting policies and other explanatory information and the note 9 of the financial statements of the Company for the year ended 31<sup>st</sup> March 2021.</p> <p>At the balance sheet date 31<sup>st</sup> March 2021, deferred tax assets (net) including deferred tax asset recognized for carried forward tax losses and unabsorbed depreciation amounted to Rs. 44,34.80 lacs.</p> <p>During the year ended 31<sup>st</sup> March 2021, the Company has incurred profit after tax (total comprehensive gain) of Rs. 13,32.02 lacs (31<sup>st</sup> March 2020 – Loss of Rs. 74,18.98 lacs).</p> <p>The assessment of meeting the recognition criteria as well as assessment of recoverability of deferred tax assets within the period prescribed under the tax laws involves use of significant assumptions and estimates. Determining forecasts of future results and taxable profits include key assumptions such as future growth rate and market conditions. The projected cash flows are assessed using a number of scenarios to cover reasonable changes in the assumptions underlying the projections. These changes mainly relate to variations in expected selling prices of the sugar and by products, expected costs of production of sugar and expected days of operation of sugar mills.</p> <p>Any change in these assumptions could have a material impact on the carrying value of deferred tax assets. These assumptions and estimates are judgmental, subjective and depend on the future market and economic conditions, including industry focused trade policies of the government and materialization of the Company's expansion plans.</p> <p>Owing to the significance of the balances and complexities involved as described above, we have considered recoverability of such deferred tax assets recognised on carried forward tax losses and unabsorbed depreciation as a key audit matter.</p>	<p>Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following; -</p> <ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws.</li> <li>• Reviewed the future cash flow projections provided by the management of the Company.</li> <li>• Tested and challenged management's judgements relating to the forecasts of future taxable profits and evaluated the reasonableness of the assumptions, including future growth rate underlying the preparation of these forecasts based on historical data trends.</li> <li>• Tested the mathematical accuracy of the projections including sensitivity analysis performed by management and performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections.</li> <li>• Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.</li> <li>• Re-computed the amount of deferred tax assets as appearing in the financial statements confirming the amounts of carried forward tax losses and unabsorbed depreciation.</li> <li>• Assessed the appropriateness of the disclosures included in note 9 in respect of deferred tax balances.</li> </ul>
<p><b>Valuation of Inventory</b></p> <p>Refer to note 3(m) of Summary of significant accounting policies and other explanatory information for accounting policy for valuation of Inventory and significant accounting judgements, estimates and assumptions related thereto and the note 12 of the financial statements of the Company for the year ended 31<sup>st</sup> March 2021.</p> <p>At the balance sheet date 31<sup>st</sup> March 2021, the Company held Rs. 391,28.51 lacs of Inventories. Inventories mainly consists of finished goods - Sugar and other product – molasses, both treated as joint</p>	<p>Our audit procedures in relation to valuation of inventory included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of the general IT control environment and the manual controls for inventory valuation.</li> <li>• Assessed the appropriateness of the principles used in the valuation of Inventory and analysed the reasonableness of significant judgements/assumptions used by the management in their valuation models along with their consistency based on</li> </ul>



Key Audit Matters	How our audit addressed the key audit matter
<p>products.</p> <p>Manufacturing of Sugar is complex process which leads to generation of certain joint products and by products which are used for generation of other products, sold in the market as well as used as input in the manufacturing of Sugar. The valuation requires use of management's judgements and assumptions regarding elimination of inter-divisional profits, allocation of costs of production between joint products based on their relative sales value and net realisable value (NRV) of different products which is further dependent upon the market conditions, minimum selling prices, subsequent inventory sale data, current sale prices, notifications/press releases from the government authorities, technical estimates of expected recovery of final products being produced and incremental cost of products manufactured using joint products. These assumptions are subject to inherent uncertainties and are difficult to ascertain since they are likely to be influenced by political and economic factors including uncertainties that may affect the industry on the whole.</p> <p>Owing to the significance of the carrying value of inventories, the complexities discussed above and the fact that any changes in the management's judgement or assumptions is likely to have a significant impact on the ascertainment of carrying values of inventories, we have considered this area as a key audit matter.</p>	<p>historical/industrial data trends such as sugar recovery rates, generation of Molasses, ethanol recovery rates, fixed and planned storage facilities of Molasses and capacity utilisations of the plant.</p> <ul style="list-style-type: none"> <li>• Verified net realisable value of bagasse and molasses based on market quotation obtained by the management in case of bagasse, contracts for sale of ethanol and notifications/press releases from the government authorities.</li> <li>• Reviewed cost sheets prepared by the management for manufacturing of ethanol (used for determination of NRV of molasses) for reasonableness.</li> <li>• Reviewed the process of inventory valuation comprising of identification of NRV of Sugar based on subsequent selling prices of Sugar up to balance sheet date, sale orders in hand as on that date, minimum selling prices introduced by the government and prices prevailing in exchange market, allocation of costs of production between joint products based on relative sales value.</li> <li>• We also assessed the appropriateness of the disclosures included in note 12 in respect of valuation of inventories.</li> </ul>
<p><b>Going concern basis of accounting</b></p> <p>We refer to the note 47 of the financial statements of the Company for the year ended 31<sup>st</sup> March 2021 disclosures related to appropriateness of going concern basis of accounting. This note states that the Company has accumulated losses of Rs.17,789.55. Further, the current liabilities exceed the current assets by Rs.129,59.64 lacs as at 31.03.2021.</p> <p>While these above indicate doubts about the company's ability to continue as a going concern, as mentioned in aforesaid note, the Company has taken into consideration the below mitigating factors in its assessment for going concern basis of accounting:</p> <p>a) Improving sugar sale prices;</p> <p>b) Expansion plans in form of setting up of 16 MW Co-Generation Power Plant;</p> <p>c) Newly commenced Distillery having capacity of 100,000 litres per day; and</p> <p>d) Industry focused state and central government trade policies. The Company has earned reasonable profits and had positive cash flows in the tracked history. However, from the past few years, the Company's profits and cash flows from operation have declined. Also, the Company has availed moratorium period for</p>	<p>Our audit procedures included, but were not limited to, the following in relation to assessment of appropriateness of going concern basis of accounting:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the management's process for identification of events or conditions that may cast significant doubt over the Company's ability to continue as a going concern.</li> <li>• Evaluated the design and tested the operating effectiveness of key controls around aforesaid identification of events or conditions and mitigating factors, and controls around cash flow projections prepared by the management.</li> <li>• Reviewed the future cash flow projections provided by the management of the Company..</li> <li>• In order to corroborate management's future business plans and to identify potential contradictory information we read the board minutes, supervisory board minutes and discussed the business plans with management and the Audit Committee.</li> <li>• Performed audit procedures regarding subsequent events to identify events that either mitigate or otherwise affect the Company's ability to continue as a going concern;</li> </ul>





<b>Key Audit Matters</b>	<b>How our audit addressed the key audit matter</b>
<p>principal and interest payments, under Covid 19 - Regulatory Package announced by Reserve Bank of India by rescheduling its repayments of loans and payment of interest. Management has prepared future cash flow forecasts taking into cognizance the above developments and performed sensitivity analysis of the other key assumptions used therein to assess whether the Company would be able to operate as a going concern for a period of at least 12 months from the date of financial statements, and concluded at the going concern basis of accounting used for preparation of the accompanying financial statements is appropriate with no material uncertainty.</p> <p>We have considered the assessment of management's evaluation of going concern basis of accounting as a key audit matter due to the pervasive impact thereof on the financial statements and the significant judgements and assumptions that are inherently subjective and dependent on future events, involved in preparation of cash flow projections and the overall conclusion.</p>	<ul style="list-style-type: none"> <li>• We evaluated key assumptions used by the management for prospective financial information based on economic trends, historical data and considered government's industry focused policies. Key assumptions included selling prices of sugar and its by-products, sugar recovery rates, interest rates, industry trends, manpower and other direct costs. We also referred to the Power Purchase Arrangement ('PPA') entered by the Company with State government and ethanol sale contracts in hand for Distillery plant. To challenge these assumptions, we considered our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions.</li> <li>• Tested the arithmetical accuracy of the calculations including those related to sensitivity analysis performed by the management.</li> <li>• Performed independent sensitivity analysis to test the impact of variation in the key assumptions.</li> <li>• Evaluated the appropriateness of the disclosures made in the financial statements in respect of going concern.</li> </ul>

#### **Information other than Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and those charged with governance for the financial statements**

The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibility for the audit of financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing (SAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 (16) of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
  - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection fund by the company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure B" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

**For V. Sankar Aiyar & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109208W**

*Ajay Gupta*

**Ajay Gupta**  
**Partner**  
**Membership No.090104**  
**ICAI UDIN - 21090104AAAACU3217**

**Place : New Delhi**  
**Dated : 18<sup>th</sup> May 2021**



## **Annexure “A” to the Independent Auditors’ Report**

**(Referred to in Paragraph 1(f) under ‘Report on Other Legal and Regulatory requirements’ of our report on even date)**

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and Guidance Note issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.





### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

The Company has represented that by virtue of its procedures, it considers that its internal financial control system over financial reporting is adequate. However, the operating effectiveness of such internal financial controls over financial reporting needs improvements as at 31<sup>st</sup> March 2021 considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W**



**Ajay Gupta  
Partner  
Membership No.090104  
ICAI UDIN - 21090104AAAACU3217**

**Place : New Delhi  
Dated : 18<sup>th</sup> May 2021**





**Annexure “B” to the Independent Auditors’ Report**

(Referred to in Paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our Report on even date)

- i a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.
- b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment is verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment's were verified during the year and no material discrepancies were noticed on such verification.
- c) The land title deeds of the immovable property are held in the name of the Company.
- ii The inventories have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on physical verification.
- iii The Company has not granted any loans during the year, secured or unsecured, to companies, firms, limited liability partnerships or other parties required to be covered in the register maintained under section 189 of the Act 2013.
- iv In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the provisions of sections 73 to 76 of the Act and the Rules framed thereunder.
- vi We have broadly reviewed the books of accounts maintained by the Company, pursuant to rules made by the Central Government for the maintenance of cost records under clause (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- vii a) The Company is regular in depositing undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other material statutory dues, as applicable, to the appropriate authorities. We are informed that there was no liability of the Company on account of employees' state insurance and custom duty during the year ended 31 March 2021. There were no arrears of undisputed statutory dues as at 31 March 2021, which were outstanding for a period of more than six months from the date they became payable.
- b) The dues outstanding in respect of income-tax, goods and service tax, sales-tax, service-tax, on account of any dispute, are as follows-

Name of the statute	Nature of dues	Amount (INR In lacs)	Amount paid under Protest (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	3.29	0.13	FY 2011-12	Customs Excise and Service Tax Appellate Tribunal, Allahabad
Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	8.65	4.32	FY 2007-08	Commissioner Appeals, Lucknow
Central Excise Act, 1944	Disallowance of CENVAT Credit on input services	7.66	3.62	FY 2000-01 FY 2003-04 & FY 2005-06	High Court, Lucknow
Central Sales Tax, 1956	Interest demand on entral Sales Tax of ex-UP sale	2.52	Nil	FY 2003-04	Additional Commissioner Sitapur, Uttar Pradesh
UP Trade Tax Act, 1948	Tax on purchases from unregistered parties at higher rates	0.15	0.15	FY 2001-02	Additional Commissioner Sitapur, Uttar Pradesh



Name of the statute	Nature of dues	Amount (INR In lacs)	Amount paid under Protest (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Tax on Entry of Goods Act, 2000	Entry tax on free sale sugar sale	1.66	0.47	FY 2001-02	Tribunal Court, Lucknow
UP Trade Tax Act, 1948	Trade tax	0.09	Nil	FY 2006-07	Tribunal Court, Lucknow
Goods and Service Tax	Difference in date of tax invoice and date of tax invoice mentioned in E Way Bill	3.18	1.59	FY 2019-20	Assistant commissioner, Uttar Pradesh

- viii According to information and explanations given to us and based on our verification of records, the Company has not defaulted on repayment of loans to banks and financial institutions or government during the year..The Company has no outstanding debentures during the year.
- ix The Company did not raise any money by way of initial / further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- x According to information and explanations given to us and the representation obtained from the management, no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the course of our audit.
- xi According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V of the Act.
- xii The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xiii According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- xiv During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- xv According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- xvi In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For V. Sankar Aiyar & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109208W**

*Ajay Gupta*

**Ajay Gupta**  
**Partner**  
**Membership No.090104**  
**ICAI UDIN - 21090104AAAACU3217**

**Place : New Delhi**  
**Dated : 18<sup>th</sup> May 2021**



**Gobind Sugar Mills Limited**  
**Balance Sheet as at 31 March 2021**

		Rupees in Lacs	
	Notes	As at 31 Mar 2021	As at 31 Mar 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	52,646.18	54,300.74
Capital work-in-progress	5	220.81	250.60
Right-of-use assets	38	377.67	485.87
Other intangible assets	6	8.81	15.94
Financial assets			
Investments	7	18.14	16.25
Other financial assets	8	294.80	196.71
Deferred tax assets (net)	9	4,434.80	3,295.76
Other non-current assets	10	230.46	148.16
Non-current tax assets (net)	11	17.61	48.09
		<b>58,249.28</b>	<b>58,758.12</b>
<b>Current assets</b>			
Inventories	12	39,128.51	48,066.15
Financial assets			
Investments	7	253.00	-
Trade receivables	13	4,156.16	4,105.88
Cash and cash equivalents	14	433.41	141.21
Other bank balances	15	84.87	3.89
Loans	16	36.89	4.47
Other financial assets	8	6,652.19	6,760.19
Other current assets	10	1,378.51	1,363.55
		<b>52,123.54</b>	<b>60,445.34</b>
<b>Total assets</b>		<b>1,10,372.82</b>	<b>1,19,203.46</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17(a)	447.30	447.30
Instruments entirely equity in nature	17(b)	-	-
Other equity	17(c)	(8,468.44)	(9,811.73)
		<b>(8,021.14)</b>	<b>(9,364.43)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	18	49,000.10	47,855.40
Lease liabilities	38	322.27	415.67
Provisions	19	346.28	341.36
Other non-current liabilities	20	3,642.13	4,617.50
		<b>53,310.78</b>	<b>53,229.93</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	21	17,121.91	19,159.16
Trade payables	22		
Total outstanding due of micro, small and medium enterprises		23.74	128.82
Total outstanding due of creditors other than micro, small and medium enterprises		30,122.13	35,679.53
Other financial liabilities	23	15,014.42	16,480.06
Other current liabilities	20	2,575.79	3,696.71
Provisions	19	225.19	193.68
		<b>65,083.18</b>	<b>75,337.96</b>
<b>Total equity and liabilities</b>		<b>1,10,372.82</b>	<b>1,19,203.46</b>

The accompanying notes forms an integral part of the financial statements.

As per our report of even date.  
For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.: 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No.: 090104

Place: New Delhi  
Date: 18 May 2021



For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 00362555

Place: Gurugram  
Date: 18 May 2021

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Alok Saxena*  
Alok Saxena  
(Executive Director-Operations)  
DIN: 08640419

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Gaurav Dutta*  
Gaurav Dutta  
(Company Secretary)  
Membership No. A 24445

Place: Gurugram  
Date: 18 May 2021



**Gobind Sugar Mills Limited**  
**Statement of Profit and Loss for the year ended 31 March 2021**

	Notes	Rupees in Lacs	
		Year ended 31 Mar 2021	Year ended 31 Mar 2020
<b>Income</b>			
Revenue from operations	24	76,274.06	57,900.03
Other income	25	2,946.04	4,117.87
<b>Total income</b>		<b>79,220.10</b>	<b>62,017.90</b>
<b>Expenses</b>			
Cost of materials consumed	26	49,057.65	48,642.35
Changes in inventories of finished goods and work-in-progress	27	7,651.78	(2,451.92)
Employee benefits expense	28	3,110.02	2,677.80
Finance costs	29	8,851.31	8,426.98
Depreciation and amortization expenses	30	2,581.10	2,122.57
Other expenses	31	6,597.14	6,106.46
<b>Total expenses</b>		<b>77,849.00</b>	<b>65,524.24</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>1,371.10</b>	<b>(3,506.34)</b>
Exceptional items	32	1,201.64	-
<b>Profit / (Loss) before tax</b>		<b>169.46</b>	<b>(3,506.34)</b>
<b>Tax expense:</b>	33		
Current tax		-	-
Deferred tax (credit)/charge		(1,144.89)	3,949.72
<b>Profit / (Loss) for the year</b>		<b>1,314.35</b>	<b>(7,456.06)</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		22.13	49.45
Equity instruments designated at fair value through OCI		1.39	0.10
Income tax effect on above		(5.85)	(12.47)
<b>Other comprehensive income</b>		<b>17.67</b>	<b>37.08</b>
<b>Total comprehensive Gain / (loss) for the year</b>		<b>1,332.02</b>	<b>(7,418.98)</b>
<b>Earnings per equity share (Basic and Diluted)</b>	34	29.38	(166.69)

The accompanying notes forms an integral part of the financial statements.

As per our report of even date.

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.: 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No.: 090104

Place: New Delhi  
Date: 18 May 2021



For and on behalf of the Board of Directors of  
**Gobind Sugar Mills Limited**

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 0036255

Place: Gurugram  
Date: 18 May 2021

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Alok Saxena*  
Alok Saxena  
(Executive Director-Operations)  
DIN: 08640419

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Gaurav Dutta*  
Gaurav Dutta  
(Company Secretary)  
Membership No. A 24445

Place: Gurugram  
Date: 18 May 2021





**Gobind Sugar Mills Limited**  
**Cash Flow Statement for the year ended 31 March 2021**

	Rupees in Lacs	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
<b>A Cash flow from operating activities</b>		
Profit / (Loss) before tax	169.46	(3,506.34)
Adjustments for:		
Depreciation and amortization expenses	2,581.10	2,122.57
Loss on disposal of property, plant and equipment	-	1.59
Dividend received	(0.06)	(1.80)
Fair valuation gains on financial assets measured at fair value through profit and loss	(0.02)	-
Profit on sale of investments in mutual funds	(11.99)	(17.21)
Interest income	(10.50)	(4.09)
Bad debts, cane subsidies and other receivables written off	0.02	1.08
Amortization of government grants	(837.89)	(922.31)
Amortization of deferred gains	(207.18)	(153.81)
Finance costs	8,851.31	8,426.98
(Gain)/Loss on account of foreign exchange rate fluctuation	(335.17)	280.42
Fair value (gains)/losses on derivatives not designated as hedges	(89.35)	471.52
Transfer to Molasses and alcohol storage and maintenance reserve	11.27	6.70
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	(181.17)	(71.51)
<b>Operating profit before changes in working capital</b>	<b>9,939.83</b>	<b>6,633.79</b>
<b>Changes in working capital:</b>		
- trade receivables	(50.28)	(275.10)
- inventories	8,937.64	(2,059.66)
- trade payables	(5,481.31)	5,771.95
- other financial assets	(71.09)	(1,652.85)
- other assets	(14.44)	(54.14)
- loans	(32.42)	34.04
- other financial liabilities	(124.58)	(685.50)
- other liabilities	(1,051.22)	446.61
- provisions	58.56	77.52
<b>Cash flow generated from/(used in) operations</b>	<b>12,110.69</b>	<b>8,236.66</b>
Income taxes (refunds)/paid	(30.49)	2.13
<b>Net flow generated from/(used in) operations</b>	<b>12,141.18</b>	<b>8,234.53</b>
<b>B Cash flow from investing activities</b>		
Payments for property, plant and equipment	(1,979.64)	(8,159.10)
Proceeds from sale of property, plant and equipment	203.04	3.15
Investment in mutual funds	(7,048.81)	(9,669.50)
Proceeds from sale of mutual funds	6,807.82	9,803.73
Interest received	10.15	4.09
Dividend received	0.06	1.80
<b>Net cash flow used in investing activities</b>	<b>(2,007.38)</b>	<b>(8,015.83)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long-term borrowings	16,512.32	10,032.52
Repayment of long-term borrowings	(16,079.04)	(5,338.60)
Payment of lease liabilities	(82.93)	(29.13)
Repayment of short-term borrowings (net)	(2,037.25)	(227.91)
Finance costs paid	(8,154.70)	(4,676.29)
<b>Net cash flow (used in)/generated from financing activities</b>	<b>(9,841.60)</b>	<b>(239.41)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>292.20</b>	<b>(20.71)</b>
Cash and cash equivalents at the beginning of the financial year	141.21	161.92
<b>Cash and cash equivalents at the end of the financial year</b>	<b>433.41</b>	<b>141.21</b>



**Gobind Sugar Mills Limited**  
**Cash Flow Statement for the year ended 31 March 2021 (continued)**

Rupees in Lacs

Year ended 31 Mar 2021	Year ended 31 Mar 2020
---------------------------	---------------------------

**Notes:**

- 1 The above cash flow statement has been prepared under the "Indirect Method" as per Indian Accounting Standard - 7.
- 2 Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

**3 Reconciliation of cash and cash equivalents as per the cash flow statement\***

Cash and cash flow statements as per above comprise of the following:

Cash and cash equivalents

433.41                      141.21

**Balance as per statement of cash flows (as per above)**

**433.41                      141.21**

\*Refer note 14 for further details.

- 4 Also, refer note 21.1 for changes in liabilities arising from financing activities.

**5 Non cash transactions**

i) Interest accruals on Non-Convertible Redeemable Preference Shares and impacts of application of effective interest method for the year ended 31 March 2021 amounts to INR 1,830.63 lacs (31 March 2020 : INR 1,736.03 lacs).

ii) During the previous year ended 31 March 2020, the Company has converted Compulsorily Convertible Preference shares into Equity Shares. Refer note 17 (a) for further details.

**As per our report of even date.**

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.: 109208W

*Ajay Gupta*  
**Ajay Gupta**  
**Partner**  
**Membership No.: 090104**

**Place: New Delhi**  
**Date: 18 May 2021**



For and on behalf of the Board of Directors of  
**Gobind Sugar Mills Limited**

*R.S. Raghavan*  
**R.S. Raghavan**  
**(Managing Director)**  
**DIN: 00362555**

**Place: Gurugram**  
**Date: 18 May 2021**

*Dharmendra Roy*  
**Dharmendra Roy**  
**(Chief Financial Officer)**  
**PAN: ADCPR3374B**

**Place: Aira, Lakhimpur**  
**Date: 18 May 2021**

*Alok Saxena*  
**Alok Saxena**  
**(Executive Director-Operations)**  
**DIN: 08640419**

**Place: Aira, Lakhimpur**  
**Date: 18 May 2021**

*Gaurav Dutta*  
**Gaurav Dutta**  
**(Company Secretary)**  
**Membership No. A 24445**

**Place: Gurugram**  
**Date: 18 May 2021**



**Gobind Sugar Mills Limited**  
**Statement of Changes in Equity for the year ended 31 March 2021**

Rupees in Lacs

	Notes	Amount
<b>a) Equity share capital</b>		
As at 01 April 2019		373.09
Increase during the year	17(a)	74.21
As at 31 March 2020		447.30
Increase during the year	17(a)	-
As at 31 March 2021		447.30

**b) Instruments entirely equity in nature**

As at 01 April 2019		74.21
Converted during the year	17(b)	74.21
As at 31 March 2020		-
Increase during the year	17(b)	-
As at 31 March 2021		-

**c) Other equity**

Particulars	Notes	Deemed equity	Reserves and surplus				Other reserves - Fair value through OCI Equity instruments	Total other equity
			Capital redemption reserve	Securities premium	Molasses and alcohol storage and maintenance reserve	Retained earnings		
Balance at 31 March 2019	17(c)	7,821.00	10.00	1,345.74	124.50	(11,701.38)	0.69	(2,399.45)
Loss for the year		-	-	-	-	(7,456.06)	-	(7,456.06)
Transfers during the year		-	-	-	6.70	-	-	6.70
Other comprehensive income		-	-	-	-	36.98	0.10	37.08
Balance at 31 March 2020	17(c)	7,821.00	10.00	1,345.74	131.20	(19,120.46)	0.79	(9,811.73)
Profit for the year		-	-	-	-	1,314.35	-	1,314.35
Transfers during the year		-	-	-	11.27	-	-	11.27
Other comprehensive income		-	-	-	-	16.56	1.11	17.67
Balance at 31 March 2021	17(c)	7,821.00	10.00	1,345.74	142.47	(17,789.55)	1.90	(8,468.44)

The accompanying notes forms an integral part of the financial statements.

As per our report of even date.

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.: 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No.: 090104

Place: New Delhi  
Date: 18 May 2021



For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 00362555

Place: Gurugram  
Date: 18 May 2021

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Alok Saxena*  
Alok Saxena  
(Executive Director-Operations)  
DIN: 08640419

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Gabray Dutta*  
Gabray Dutta  
(Company Secretary)  
Membership No. A 24445

Place: Gurugram  
Date: 18 May 2021



**1. Corporate information**

Gobind Sugar Mills Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Metropolitan Stock Exchange of India. The Company is primarily engaged in extraction of sugar from sugar cane and its sale along with its other products. The Company is also engaged in generation and export of power by utilizing by product – bagasse and manufacture and sale of ethanol utilizing molasses. The Company presently has manufacturing facilities at Aira Estate, District Lakhimpur Kheri in the State of Uttar Pradesh being its principal place of business.

**2. Application of Indian Accounting Standards**

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered while preparing these financial statements.

**3. Significant accounting policies**

**a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended time to time) notified under section 133 of the Companies Act, 2013 (the "Act").

The financial statements of the Company have been prepared on a historical cost basis, except for certain financial assets and non-financial assets measured at fair value or net realizable value as applicable.

**b) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An **asset** is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A **liability** is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**c) Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when it transfers control over a product or service to a customer.





To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

#### **Identifying the performance obligations**

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

#### **Determining the transaction price**

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has a right to invoice.

#### **Allocating the transaction price to the performance obligations**

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of storage and distribution contracts where the customer pays a fixed rate per item for all the services provided). For services that are not provided separately, the standalone selling price is estimated using adjusted market assessment approach.

#### **Recognizing revenue when/as performance obligation(s) are satisfied.**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

#### **For Sugar segment:**

For transfer of goods, the Company recognizes revenue when the customers obtain the control of goods. This usually happens when the customer gains right to direct the use of and obtained substantially all benefits from the goods. For the goods sold, the Company receives amount majorly in advance from the customers and therefore there are not any significant financing components involved. For certain sales, where the Company also provide transportation services, the Company considers the same as a separate performance obligation believing that the Company is acting as an agent for transfer of goods and therefore reduces the related costs for transportation and other charges from transaction price.

#### **For Power segment:**

Revenue is recognized, when power units are transferred to the customer.

#### **For Ethanol segment:**

Revenue is recognized, recognizes revenue when the customers obtain the control of goods. This usually happens when the ethanol is supplied at Oil marketing companies ('OMC') location.



**Interest income:**

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR) as explained in note (o) below.

**Dividends:**

Dividend is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Renewable energy certificates income:**

Income from Renewable Energy Certificates (RECs) is recognized at latest trade price on the basis of prevailing market price as confirmed by trade exchange regulated by Central Electricity Regulatory Commission ('CERC').

**Power banked units:**

Income from power banked units is recognized when the right to set off power banked units is established against the power to be purchased by the Company.

**Rental income**

Rental income including from sub leasing arrangements is recognized on straight line basis over the term of contract where the rentals are structured to be in line with expected general inflation.

**d) Government grants**

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attached conditions are complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value (based upon the level of inputs available) and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**e) Taxes**

Income tax comprises of current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that is related to an item recognized directly in equity or other comprehensive income.

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to



the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**f) Property, plant and equipment**

Freehold land is carried at historical cost. All the items of the property, plant and equipment are stated as per cost model i.e. cost of acquisition less accumulated depreciation and impairment. All significant costs incidental to the acquisition of assets are capitalized.

**Recognition:**

The costs including subsequent costs of an item of property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

All other expenses including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the year when such expenses are incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**Depreciation, estimated useful life and residual life**

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives: -

Particulars	Life (years)
Buildings	30-60
Plant and equipment	05-25
Furniture and fixtures	10
Vehicles	08
Office equipment	03-05

The Company based on technical assessment made by technical experts and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**g) Capital work-in-progress**

Capital work-in-progress represents expenditure incurred in respect of capital projects are carried at cost. Cost comprises of purchase cost, related acquisition expenses, development / construction costs, borrowing costs and other direct expenditure.





**h) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization impairment losses, if any.

**Recognition:**

The costs of intangible asset are recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Intangibles representing computer software are amortized using the straight line method over their estimated useful lives of five years.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each financial year end and adjusted prospectively, if appropriate treating them as changes in accounting estimates. The maintenance expenses on intangible assets with finite lives is recognized in the statement of profit and loss, unless such expenditure forms part of carrying value of an asset and satisfies recognition criteria.

Gains/(losses) arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**i) Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

**j) Borrowing costs**

General and specific borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalized up to the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.





All other borrowing costs are expensed in the period in which they occur or accrue. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

**k) Leases**

**As a lessee**

At inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use of an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Measurement and recognition of leases as a lessee**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.



The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the balance sheet. Also, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

In the comparative period, as a lessee, the lease payments in respect of assets taken on operating lease are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

#### **As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

#### **l) Foreign currency measurements**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognized in the statement of profit and loss.

#### **m) Inventories**

Raw materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Goods under process and finished goods are valued at lower of cost and net realizable value.

Finished goods and goods under process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Cost of inventories is computed on a weighted average basis.

Joint products, whose cost is not identifiable, are valued by allocating the cost between the products on the relative sales value of each product at the completion of the production, considering it as a rational and consistent basis.

By products and saleable scraps, whose cost is not identifiable, are valued by management at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



**n) Post-employment and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no statutory nor contractual obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity plan of the Company has been funded by policy taken from Life Insurance Corporation of India. Actuarial gains and losses for defined benefit plan are recognized in full in the year in which they occur in the statement of profit and loss.

Measurements, comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Actuarial gains/losses are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

**o) Financial instruments**

Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value using best estimates. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in the statement the profit and loss.

**Financial assets:**

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.





#### **Amortized cost**

A financial asset shall be measured at amortized cost using effective interest rates if both of the following conditions are met:

- financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### **Financial assets at fair value through profit and loss (FVTPL)**

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in the statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **Financial assets at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. The Company has irrevocably adopted to value its equity investments through FVTOCI.

Dividends on these investments in equity instruments are recognized in the statement of profit and loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in the statement of profit and loss are included in the 'Other income' line item.

#### **Impairment of financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost and financial asset designated as at FVTOCI.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses using the simplified approach permitted under Ind AS 109.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.





**Financial liabilities:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in statement of profit and loss when liabilities are derecognized. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit and loss.

**Non-Convertible Redeemable Preference Shares (NCRPS)**

At the issue date the fair value of the liability component of NCRPS is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortized cost using the effective interest method until extinguished upon at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument issued to equity shareholders of the Company and deferred gain (which is amortized over the life of NCRPS) for other than equity shareholders.

**Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

**p) Earnings per share**

Basic Earnings per Share is calculated by dividing the net profit or loss for the year attributable to ordinary equity shareholders (after deducting preference dividends and attributable taxes) by the weighted number of ordinary shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to ordinary equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential ordinary shares.

An ordinary share is an equity instrument that is subordinate to all other classes of equity instruments.

**q) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. Unallocated items include general corporate income and expense items which are not allocated to any business segment. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.



**r) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**s) Provisions, contingent liabilities and contingent assets**

**Provisions**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**Contingent liabilities**

In those cases, where the possible outflow of economic resources as a result of present obligations is considered not probable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

**Contingent assets**

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

**t) Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**u) Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements inevitably requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of assets or liabilities in future periods, notwithstanding the management's best efforts.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



**Defined benefit obligations**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

**Recoverability of deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

**Contingent liabilities**

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of Property, plant and equipment at each reporting date, based on the expected utility of the assets, assessed by technical experts.

**Inventories**

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).



**Gobind Sugar Mills Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021**

*Rupees in Lacs*

**4 Property, plant and equipment**

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Gross carrying value</b>							
As at 31 March 2019	1,934.81	8,412.53	33,656.61	97.51	139.57	51.29	44,292.32
Additions	-	3,185.67	13,669.91	4.52	44.12	18.94	16,923.16
Disposals	-	-	23.49	-	0.65	8.53	32.67
As at 31 March 2020	1,934.81	11,598.20	47,303.03	102.03	183.04	61.70	61,182.81
Additions	-	187.76	789.86	0.50	16.39	19.74	1,014.25
Disposals	-	-	216.90	-	0.33	15.60	232.83
As at 31 March 2021	1,934.81	11,785.96	47,875.99	102.53	199.10	65.84	61,964.23
<b>Accumulated depreciation</b>							
As at 31 March 2019	-	914.22	3,712.69	53.85	121.60	36.10	4,838.45
Charge for the year	-	363.47	1,659.28	11.16	26.74	10.90	2,071.55
Adjustments for disposals	-	-	20.64	-	0.09	7.21	27.93
As at 31 March 2020	-	1,277.69	5,351.33	65.01	148.25	39.79	6,882.07
Charge for the year	-	470.52	1,941.07	10.72	33.17	10.29	2,465.77
Adjustments for disposals	-	-	15.44	-	0.13	14.22	29.79
As at 31 March 2021	-	1,748.21	7,276.96	75.73	181.29	35.86	9,318.05
<b>Net carrying value</b>							
Net block as at 31 March 2020	1,934.81	10,320.51	41,951.70	37.02	34.79	21.91	54,300.74
Net block as at 31 March 2021	1,934.81	10,037.75	40,599.03	26.80	17.81	29.98	52,646.18

**Notes:**

**(i) Contractual obligations**

Refer note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**(ii) Capitalised borrowing costs**

Refer note 29 for disclosure of capitalized borrowing costs.

**(iii) Property, plant and equipment have been pledged as security for liabilities, for details refer note 18.2 and note 45.**





**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

<u>As at</u>	<u>As at</u>
<b>31 Mar 2021</b>	<b>31 Mar 2020</b>

**5 Capital work-in-progress**

i) <b>Balance as at the beginning of the year</b>	250.60	7,142.03
Additions during the year	813.80	9,569.97
Capitalized during the year	(843.59)	(16,461.40)
<b>Balance at year end</b>	<b>220.81</b>	<b>250.60</b>
ii) <b>Preoperative expenses (pending allocation) included in Capital work-in-progress above</b>		
Finance costs (refer note 29 for further details)	43.03	1,297.92
Miscellaneous expenses (including store consumables, travelling expenses etc)	-	344.38
Consultancy and professional charges	-	498.89
Employee benefits expenses	-	272.04
Power and fuel	-	275.57
	<b>43.03</b>	<b>2,688.80</b>
Capitalized during the year	(43.03)	(2,688.80)
	<b>-</b>	<b>-</b>

**6 Other intangible assets**Gross carrying value

Balance as at the beginning of the year	45.67	45.67
Additions	-	-
Disposals	-	-
<b>Balance at year end</b>	<b>45.67</b>	<b>45.67</b>

Accumulated amortization

Balance as at the beginning of the year	29.73	20.57
Charge for the year	7.13	9.16
Adjustments for disposals	-	-
<b>Balance at year end</b>	<b>36.86</b>	<b>29.73</b>

Net carrying amount

At the beginning of the year	15.94	25.10
At the end of the year	8.81	15.94

**7 Investments****Non- Current:**Measured at amortized cost

5 Years National Saving Certificates	1.50	1.00
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Designated at fair value through OCI**Investments in unquoted shares (non trade investments)**

Premium Exchange & Finance Limited 180,240 (previous year: 180,240) equity shares of INR 10/- each, fully paid up	5.59	5.59
Master Exchange & Finance Limited 188,460 (previous year: 188,460) equity shares of INR 10/- each, fully paid up	5.90	5.90

**Investments in quoted shares (non trade investments)**

Duke Commerce Limited 24,700 (previous year: 24,700) equity shares of INR 10/- each, fully paid up	0.69	0.69
Chambal Fertilizers & Chemicals Limited 1,947 (previous year: 1,947) equity shares of INR 10/- each, fully paid up	4.46	3.07
	<b>18.14</b>	<b>16.25</b>

Aggregate amount of quoted investments	5.15	3.76
Aggregate market value of quoted investments	5.15	3.76
Aggregate amount of unquoted investments	12.99	12.49

**Current:**Measured at fair value through Profit and loss**Investments in mutual funds (quoted)**

	<u>As at 31.03.21</u>	<u>No of units</u>		
Baroda Liquid Fund - Plan A - Growth Option	2,254.66		53.00	-
Mirae Asset Overnight Fund Regular Plan Growth	18,999.07		200.00	-
			<b>253.00</b>	<b>-</b>

Aggregate amount of quoted investments	253.00	-
Aggregate market value of quoted investments	253.00	-



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

As at 31 Mar 2021	As at 31 Mar 2020
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**8 Other financial assets****Non-Current***Measured at amortized cost*

Sundry deposits (unsecured, considered good)	21.01	9.64
Fixed deposits with bank having more than 12 months maturity (Refer Note 45 for pledging details)	273.79	187.07
	<b>294.80</b>	<b>196.71</b>

**Current***Measured at amortized cost*

Unbilled revenues	550.83	543.24
Interest reimbursement from government of Uttar Pradesh under Sugar Industry, Co-generation and Distillery Promotion Policy, 2013	2,500.06	2,411.87
Interest subvention under Scheme for Extending Financial Assistance to Sugar Mills for enhancement and augmentation of ethanol production capacity	792.80	340.50
Interest subvention receivable under soft loan	256.53	340.11
Amounts held with Central Electricity Regulatory Commission (CERC) (refer note below)	102.25	102.25
Assistance to sugar mills for sugar cane purchase	1,875.59	2,340.49
Assistance to sugar mills under the scheme for creation and maintenance of buffer stock	529.99	452.10
Other receivables [refer note 39 for receivables from related parties]	44.14	229.63
	<b>6,652.19</b>	<b>6,760.19</b>

**Notes:**

INR 500 per REC unit sold has been deducted and held by respective power exchanges for onward submission to CERC on behalf of the Company being a REC generator with reference to Hon'ble Supreme Court order dated 14 July 2017. Total amount held is INR 102.25 lacs (previous year INR 102.25 lacs) as on reported dates.

**9 Deferred tax assets (net)****Tax effect of items constituting deferred tax assets:**

Unused tax losses and depreciation	10,706.33	8,623.21
Expenses allowed on payment basis	303.12	527.51
Deferred government grants	237.69	240.37
Disallowances under section 40(a)(ia) of the Income tax, Act 1961	-	122.01
Lease liabilities	104.62	125.49
<b>Total deferred tax assets</b>	<b>11,351.76</b>	<b>9,638.59</b>

**Tax effect of items constituting deferred tax liabilities**

Property, plant and equipment (including right-of-use assets) exceeds its tax base	(6,723.24)	(6,276.22)
Financial assets and financial liabilities at amortized cost	(193.72)	(66.61)
<b>Total deferred tax liabilities</b>	<b>(6,916.96)</b>	<b>(6,342.83)</b>

<b>Net deferred tax assets</b>	<b>4,434.80</b>	<b>3,295.76</b>
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**Notes:****(i) Movement in deferred tax assets/(liabilities) for year ended 31 March 2021:****Tax effect of items constituting deferred tax assets:**

As at 31 Mar 2020	Charged / (credited) to Profit or Loss	OCI	As at 31 Mar 2021
Unused tax losses and depreciation	2,083.12	-	10,706.33
Expenses allowed on payment basis	(218.54)	(5.85)	303.12
Deferred government grants	(2.68)	-	237.69
Disallowances under section 40(a)(ia) of the Income tax, Act 1961	(122.01)	-	-
Lease liabilities	(20.87)	-	104.62

**Tax effect of items constituting deferred tax liabilities**

Property, plant and equipment (including right-of-use assets) exceeds its tax base	(447.02)	-	(6,723.24)
Financial assets and financial liabilities at amortized cost	(127.11)	-	(193.72)
	<b>1,144.89</b>	<b>(5.85)</b>	<b>4,434.80</b>



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

**Movement in deferred tax assets/(liabilities) for year ended 31 March 2020:**

	As at 31 Mar 2019	Charged / (credited) to		As at 31 Mar 2020
		Profit or Loss	OCI	
<b>Tax effect of items constituting deferred tax assets:</b>				
Unused tax losses and depreciation	12,719.95	(4,096.74)	-	8,623.21
Expenses allowed on payment basis	674.43	(134.45)	(12.47)	527.51
Deferred government grants	334.22	(93.85)	-	240.37
Disallowances under section 40(a)(ia) of the Income tax, Act 1961	167.77	(45.76)	-	122.01
Lease liabilities	-	125.49	-	125.49
<b>Tax effect of items constituting deferred tax liabilities</b>				
Property, plant and equipment exceeds its tax base	(6,604.07)	327.85	-	(6,276.22)
Financial assets and financial liabilities at amortized cost	(34.35)	(32.26)	-	(66.61)
	<b>7,257.95</b>	<b>(3,949.72)</b>	<b>(12.47)</b>	<b>3,295.76</b>

- (ii) The Company carries an amount of INR 4,434.80 lacs as deferred tax assets (net) as at 31 March 2021. The management of the Company is confident of generating sufficient taxable profits in the near future considering the power purchase arrangement with the Uttar Pradesh Power Corporation Limited, signed contracts for supply of ethanol with Oil Marketing Companies, reduced finance costs due to expected repayment of term loans, future expansion plans like setting up of 16 MW Co-generation Power Plant and industry focused trade policies of the government.
- (iii) Refer note 33 explaining the impact of reduced income-tax rates permitted under section 115BBA of Income-tax Act 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

**10 Other assets****Non-current**

Unsecured, considered good  
Capital advances  
Amount recoverable which paid under protest

	As at 31 Mar 2021	As at 31 Mar 2020
	85.61	2.79
	144.85	145.37
	<b>230.46</b>	<b>148.16</b>

**Current**

Unsecured, considered good  
Balance with revenue/statutory authorities  
Advances to suppliers  
Prepaid expenses  
Renewable energy certificates (REC)  
Power banked (drawable)

	263.68	782.21
	505.70	275.25
	141.19	83.79
	374.13	214.43
	93.81	7.87
	<b>1,378.51</b>	<b>1,363.55</b>

**11 Non-current tax assets (net)**

Income tax receivable

	17.61	48.09
	<b>17.61</b>	<b>48.09</b>

**12 Inventories**

(Valued at lower of cost and net realizable value, unless otherwise stated)

Finished goods  
Sugar [refer note (i)]  
Ethanol  
Sugar cane  
Molasses  
Work-in-progress  
Stores and spares

	31,653.44	41,713.13
	2,129.11	511.92
	-	56.72
	3,896.06	3,488.08
	42.98	923.35
	660.16	759.28

By-products (valued at net realizable value)

Bagasse  
Pressmud  
Scrap stock

	276.28	204.66
	131.63	120.91
	338.85	288.10
	<b>39,128.51</b>	<b>48,066.15</b>

**Notes:**

- (i) Write down of inventories of finished goods of sugar to net realizable value on account higher of cost of production amounted to INR 41.15 lacs for the year ended 31 March 2020. This was recognized as an expense during the year ended 31 March 2020 and included under "Changes in inventories of finished goods and work-in-progress" in the Statement of Profit and Loss.
- (ii) For inventories pledged as securities against financial liabilities, refer note 18.2, 21.2 and 45.



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

		Rupees in Lacs	
		As at 31 Mar 2021	As at 31 Mar 2020
<b>13 Trade receivables</b>			
Measured at amortized cost			
Unsecured, considered good		4,156.16	4,105.88
Unsecured, credit impaired		1.32	1.32
Less: Loss allowance		(1.32)	(1.32)
		<b>4,156.16</b>	<b>4,105.88</b>
<b>14 Cash and cash equivalents</b>			
Cash on hand		1.94	9.35
Balances with bank:			
In current account		431.47	131.86
		<b>433.41</b>	<b>141.21</b>
<b>15 Other bank balances</b>			
Measured at amortized cost			
Balances with banks (other than presented in note 14 above):			
Deposits with original maturity of more than 3 months but less than 12 months		84.87	3.89
		<b>84.87</b>	<b>3.89</b>
<b>16 Loans</b>			
Measured at amortized cost			
Security deposits (unsecured, considered good)		36.89	3.12
Loan to employees (secured, considered good)		-	1.35
Loan to employees (credit impaired)		0.31	0.31
Less: Loss allowance		(0.31)	(0.31)
		<b>36.89</b>	<b>4.47</b>
<b>17 Equity</b>			
<b>(a) Equity share capital</b>			
<b>Authorised share capital:</b>			
40,000,000 (31 March 2020: 40,000,000) equity shares of INR 10/- each		4,000.00	4,000.00
		<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued, subscribed and fully paid up:</b>			
4,473,047 (31 March 2020: 4,473,047) equity shares of INR 10/- each		447.30	447.30
		<b>447.30</b>	<b>447.30</b>
<b>(i) Movement in equity share capital</b>		<b>Number of shares</b>	<b>Amount</b>
As at 31 March 2019		37,30,917	373.09
Issued during the year*		7,42,130	74.21
As at 31 March 2020		44,73,047	447.30
Issued during the year		-	-
As at 31 March 2021		44,73,047	447.30
*The Company wide resolution dated 17 April 2019, passed by the Board of Directors of the Company, has allotted 742,130 equity shares of the Company at INR 100/- per equity share (face value of INR 10/- per equity share and INR 90/- being security premium per equity share) to Zuari Investments Limited (Holding Company) by conversion of Compulsorily Convertible Preference Shares (CCPS) into equity shares of the Company which are then listed on Metropolitan Stock Exchange of India Limited.			
<b>(ii) Terms and rights attached to the equity shares</b>			
The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential commitments and statutory obligations. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.			





**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

		Rupees in Lacs	
		As at 31 Mar 2021	As at 31 Mar 2020
<b>(iii) Shares of the Company held by Holding Company</b>			
Zuari Investments Limited ('ZIL')			
2,913,679 (2,913,679) equity shares of INR 10/- each fully paid		291.37	291.37
<b>(iv) Details of shareholders holding more than 5% shares in the Company</b>			
Equity shares of INR 10/- each fully paid:			
Zuari Investments Limited (Holding company)			
Number of shares held		29,13,679	29,13,679
%age of shares held		65.14%	65.14%
Mr. Akshay Poddar			
Number of shares held		2,35,000	2,35,000
%age of shares held		5.25%	5.25%
<b>b) Instruments entirely equity in nature</b>			
<b>Authorised share capital:</b>			
160,000,000 (31 March 2020: 160,000,000) preference shares of INR 10/- each		16,000.00	16,000.00
<b>Issued, subscribed and fully paid up:</b>			
Nil (31 March 2020: 742,130) Compulsorily Convertible Preference Shares ('CCPS') of INR 10/- each		-	-
<b>(i) Movement in CCPS</b>			
		<b>Number of shares</b>	<b>Amount</b>
<b>As at 31 March 2019</b>		<b>7,42,130</b>	<b>74.21</b>
Converted during the year [refer note 17(a)(i)]		7,42,130	74.21
<b>As at 31 March 2020</b>		-	-
Converted during the year [refer note 17(a)(i)]		-	-
<b>As at 31 March 2021</b>		-	-
<b>(ii) Terms and rights attached to the CCPS</b>			
The Company had only one class of CCPS having a par value of INR 10/- per CCPS. These CCPS's did not carry dividend and each CCPS was convertible into one equity share of the Company at any time not later than 18 months from the date of allotment of such CCPS.			
<b>(c) Other equity</b>			
Capital redemption reserve (refer below)		10.00	10.00
Securities premium account (refer below)		1,345.74	1,345.74
Molasses and alcohol storage and maintenance reserve (refer below)		142.47	131.20
Retained earnings (refer below)		(17,789.55)	(19,120.46)
<b>Total</b>		<b>(16,291.34)</b>	<b>(17,633.52)</b>
<b>1 Capital redemption reserve</b>			
Opening balance		10.00	10.00
Appropriations during the year		-	-
Utilisations during the year		-	-
Closing balance		10.00	10.00
<b>Nature and purpose:</b>			
Where the preference shares are redeemed out of the profits available for distribution, a sum equivalent to the nominal amount of shares being redeemed shall be transferred to the Capital Redemption Reserve. The Capital Redemption Reserve shall be treated as the paid up share capital of the Company for all purposes and can also be utilised for bonus issue of shares.			
<b>2 Securities premium</b>			
Opening balance		1,345.74	1,345.74
Additions during the year		-	-
Utilisations during the year		-	-
Closing balance		1,345.74	1,345.74
<b>Nature and purpose:</b>			
Security premium is created when the Company issue shares at the premium. The aggregate amount of premium received on the shares is transferred to a separate account called "security premium reserve". The same will be utilised in accordance with the provisions of the Companies Act, 2013 and related provisions. This reserve is carried forward from earlier years.			
<b>3 Molasses and alcohol storage and maintenance reserve</b>			
Opening balance		131.20	124.50
Additions during the year		11.27	6.70
Utilisations during the year		-	-
Closing balance		142.47	131.20
<b>Nature and purpose:</b>			
The above mentioned reserve is created under Molasses Control Order 1961 which requires every sugar factory to set aside a amount as mentioned in the order. The amount credited in said account shall be utilised only for purposes of construction or erection of storage facilities for molasses.			



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

		Rupees in Lacs	
		As at 31 Mar 2021	As at 31 Mar 2020
<b>4 Retained earnings</b>			
Opening balance		(19,120.46)	(11,701.38)
Profit / (Loss) for the year		1,314.35	(7,456.06)
Transactions of other comprehensive income directly recognized in reserves			
Re-measurement of defined benefit plans (net of tax impacts)		16.56	36.98
<b>Closing balance</b>		<b>(17,789.55)</b>	<b>(19,120.46)</b>
<b>(i) Total (1+2+3+4)</b>		<b>(16,291.34)</b>	<b>(17,633.52)</b>
<b>(ii) Other reserves</b>			
<b>Fair value through OCI- equity instruments</b>			
Opening balance		0.79	0.69
Changes in fair value of FVTOCI equity instruments (net of tax)		1.11	0.10
<b>Closing balance</b>		<b>1.90</b>	<b>0.79</b>
<b>Nature and purpose:</b> The Company has elected to recognize changes in the fair value of certain investments in equity shares in other comprehensive income. These are accumulated in Fair value through OCI- equity instruments reserve in OCI within the equity. The Company transfers this reserves to retained earnings when relevant equity investments are derecognized.			
<b>(iii) Deemed equity</b>			
Opening balance		7,821.00	7,821.00
Additions during the year		-	-
Utilisations during the year		-	-
<b>Closing balance*</b>		<b>7,821.00</b>	<b>7,821.00</b>
* Refer note 18.1 for further details.			
<b>Total other equity [(i) +(ii)+(iii)]</b>		<b>(8,468.44)</b>	<b>(9,811.73)</b>
<b>18 Borrowings (Non-current)</b>			
<i>Measured at amortized cost</i>			
<b>Term loans (refer note 18.2):</b>			
<b>From banks (secured)</b>			
Indian rupee loan		3,796.72	5,472.66
Cane soft loan		11,198.99	13,964.65
<b>From others (secured)</b>			
Loan from Sugar Development Fund (SDF)		4,625.19	4,969.10
Loan from a financial institution (Indian Renewable Energy Development Agency Limited)		12,239.33	11,939.00
Foreign currency loan (External commercial borrowings) (FMO)		9,753.92	10,536.67
<b>From body corporate (Secured)</b>		3,500.00	-
<b>Inter-corporate loan from related party (unsecured)(refer note 18.2)#</b>		9,664.02	7,042.00
<b>Financial liability part of NCRPS issued (unsecured) (refer note 18.1)#</b>			
To related parties		6,438.79	5,503.90
To others		43.16	36.89
<b>Total non current borrowings</b>		<b>61,260.12</b>	<b>59,464.87</b>
Less: Current maturities of long term borrowings presented under "Other financial liabilities" (refer note 23)		12,260.02	11,609.47
<b>Total</b>		<b>49,000.10</b>	<b>47,855.40</b>

#Refer note 40 for borrowings from related parties



**Notes:**

**18.1 Non-Convertible Redeemable Preference Shares ('NCRPS')**

The NCRPS carry dividend @ 7.00% per annum. The Board reserves the right to pay the dividend earlier with the consent of the subscribers but subject to the availability of profit. In case of loss or inadequacy of profit, the right of holders of NCRPS to receive the dividend shall expire.

NCRPS have been initially recorded at fair value by discounting the cash flow at maturity of instruments with discount rate of 16% p.a. (interest rate applicable to similar other borrowings of the Company).

The difference between the transaction price and fair value of the instruments issued to Zuari Investments Limited (existing equity shareholder of GSML) are treated as "deemed equity". For NCRPS issued to other entities/parties, the difference between the transaction price and fair value is treated as "deferred gain on issuance of financial instruments" in accordance with para 5.1.2.A.(b) of Ind AS 109 "Financial Instruments". This deferred gain is amortized in the ratio of financial costs on the financial liability part of instruments.

<u>Particulars</u>	<u>Financial liability carried at amortized cost</u>	<u>Deferred gain arising of initial measurement</u>	<u>Deemed equity</u>
Face value: INR 12,660.00 lacs			
Balance as at 31 March 2019	4,736.29	2,455.57	7,821.00
NCRPS issued during the year	-	-	-
Interest expense and related amortization of deferred gain #	804.50	(153.81)	-
Balance as at 31 March 2020	5,540.79	2,301.76	7,821.00
NCRPS issued during the year	-	-	-
Interest expense and related amortization of deferred gain #	941.15	(207.18)	-
Balance as at 31 March 2021	6,481.94	2,094.58	7,821.00

#Interest cost is presented under "finance costs" and amortization of deferred gain are presented under "other income".

The date of allotment and number of shares for the various series of preference shares are given below:

<u>Series</u>	<u>Date of allotment</u>	<u>Number of Shares</u>	<u>Face value (INR 10/- each)</u>
1	31/Jan/12	1,50,00,000	15,00,00,000
2	18/Jun/12	50,00,000	5,00,00,000
3	27/Sep/12	3,30,00,000	33,00,00,000
4	28/Jun/13	35,00,000	3,50,00,000
5	20/Sep/13	35,00,000	3,50,00,000
6	31/Dec/13	1,00,00,000	10,00,00,000
7	31/Mar/14	1,17,50,000	11,75,00,000
8	30/Jun/14	52,50,000	5,25,00,000
9	17/Nov/14	20,00,000	2,00,00,000
10	14/Jan/15	27,50,000	2,75,00,000
11	12/Feb/15	1,35,00,000	13,50,00,000
12	30/Apr/15	15,00,000	1,50,00,000
13	5/May/15	5,00,000	50,00,000
14	25/May/15	1,00,00,000	10,00,00,000
15	8/Jul/15	7,50,000	75,00,000
16	31/Jul/15	10,00,000	1,00,00,000
17	28/Aug/15	66,00,000	6,60,00,000
18	10/Nov/16	10,00,000	1,00,00,000
<b>Total</b>		<b>12,66,00,000</b>	<b>1,26,60,00,000</b>

These shares are redeemable at par in one single lot after the expiry of 12th year from the date of allotment of shares with a right vested in the board of directors to redeem earlier subject to the consent of subscribers.



**Gobind Sugar Mills Limited**
**Notes forming part of the financial statements for the year ended 31 March 2021**
**Rupees in Lacs**
**18.2 Details of long term borrowings**

S No	Nature of loan	Lender	As at 31 Mar 2021		As at 31 Mar 2020		Nature of securities	Interest rate <sup>a</sup>	Tenure of repayment
			Non-current	Current	Non-current	Current			
1	Term loan (Indian rupee loan from banks)#	State Bank of India (SBI)	318.75	1,252.00	1,232.38	1,252.00	First equitable mortgage/Hypothecation pari passu charge on entire fixed assets of the Company, situated at 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh*.	11.70% - 12.65% (P.Y. 12.35%-12.65%)	The loan is repayable in 24 quarterly installments commencing from 31 March 2016 ending on 31 October 2021. The 1st to 23rd quarterly installments will be of INR 313.00 lacs each and the 24th installment will be of INR 301.00 lacs.
2	Term loan (Indian rupee loan from banks)#		1,225.97	1,000.00	2,238.28	750.00	Extension of hypothecation charge (2nd charge) on entire current assets of the company on pari passu basis with other term lenders.	11.85%-12.05% (11.75%-12.05%)	The loan is repayable in 16 equal quarterly installments commencing from 1 April 2019 and ending on 1 January 2023.
3	Term loan (Cane soft loan)		-	332.59	322.74	312.00		10.35%-11.20% (P.Y. 10.35%-11.25%)	The loan is repayable in 16 equal quarterly installments commencing from 1 October 2017 and ending on 1 July 2021.
4	Term loan (Cane soft loan)		2,778.61	1,126.00	3,354.59	1,126.00	*Receivables from the power project jointly financed by IREDA and SBI shall be first shared on pari passu charge basis between SBI and IREDA for the term loan and on second pari passu charge basis for working capital facilities and soft loan of SBI.	11.50% (P.Y. 11.50%)	The loan is repayable in 18 quarterly installments commencing from 31 December 2019 ending on 31 March 2024. The 1st to 17th quarterly installments will be of INR 281.50 lacs each and the 18th installment will be of INR 282.50 lacs.
5	Term loan (Cane soft loan under SEFASU 2018)@	Zila Sahakari Bank Ltd.	4,582.92	2,378.87	6,470.45	2,378.87	Residual charge on free assets of the Company.	5.00% (P.Y. 5.00%)	The loan is repayable in 60 equal monthly installments starting from 31 July 2019.
6	Term loan (Loan from Sugar Development Fund under SEFASU)# &@	Sugar Development Fund (for Power Co-generation Plant)	1,926.28	742.28	2,493.73	742.28	First pari passu charge on entire movable assets (both present and future) except book debts of the Company and an additional piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh with existing term loan lenders SBI and IREDA.	4.75% (P.Y. 4.75%)	The said loan is repayable in 10 quarterly installments starting from 28 April 2020.
7	Term loan (Loan from Sugar Development Fund under SEFASU)* &@	Sugar Development Fund (for Sugar)	1,749.05	207.58	1,733.09	-		4.50% (P.Y. 4.50%)	The said loan is repayable in 10 quarterly installments starting from 31 January 2022.
8	Term loan (loan from a financial institution)#	Indian Renewable Energy Development Agency Limited (IREDA)	3,136.68	787.68	3,705.83	787.68	First pari passu charge on entire movable including the receivables of power and immovable properties of the Company including and pertaining to 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh with existing term loan lender State Bank of India and Sugar Development Fund and Second pari passu charge on entire current assets of the Company excluding receivables on which IREDA and SBI have first pari passu charge.	11.45% to 11.55% (P.Y. 11.45%)	The said loan is repayable in 40 equal quarterly installments starting from 30 September 2016.
9	Term loan (loan from a financial institution)#		6,279.45	1,333.33	6,112.16	1,333.33	First equitable mortgage charge on entire fixed assets of the Company, situated at 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh together with building, movable and immovable machinery and fixed assets (present and future) of the Company, pari passu with other term lenders including SDF and Exclusive charge on Escrow/TRA account opened for Distillery receivables.	11.95% (P.Y. 11.95%)	The loan is repayable in 23 quarterly installments commencing from 30 June 2020 ending on 31 December 2025. The 1st to 22nd quarterly installments will be of INR 333.33 lacs each and the 23rd installment will be of INR 166.74 lacs.





**Gobind Sugar Mills Limited**
**Notes forming part of the financial statements for the year ended 31 March 2021**
**Rupees in Lacs**
**18.2 Details of long term borrowings**

S No	Nature of loan	Lender	As at 31 Mar 2021		As at 31 Mar 2020		Nature of securities	Interest rate <sup>a</sup>	Tenure of repayment
			Non-current	Current	Non-current	Current			
10	Term loan (loan from a financial institution)	Indian Renewable Energy Development Agency Limited (IREDA)	514.94	187.25	-	-	First pari passu charge on entire movable including the receivables of power and immovable properties of the Company including and pertaining to 62.318 acres of land at Aira Estate, Khamaria Pandit, Distt Lakhimpur Kheri, Uttar Pradesh and a new piece of land of 27.045 acres at Village Allipur, Paragana Dhauraha, District Kheri, Uttar Pradesh with existing term loan lender State Bank of India and Sugar Development Fund and Second pari passu charge on entire current assets of the Company excluding receivables on which IREDA and SBI have first pari passu charge.	12.45%	The loan is repayable in 16 quarterly from 31 June 2021 ending on 31 December 2024. The 1st to 16th quarterly installments will be of INR 46.81 lacs each.
11	Term loan (Foreign currency loan)	Nederlandse Financierings Maatschappij Voor Ontwikkelingsliden N.V. ('F.M.O')	9,241.48	512.44	10,009.36	527.31	First ranking mortgage over the property owned by Zuari Global Limited which means land parcel measuring approx. 55 acres that falls under settlement zone located at village Sancoale, Marmugao Taluka, Goa. Also, guarantee agreements with Zuari Global Limited for an irrevocable and unconditional guarantee.	5.96% (P.Y. 5.96%)	The loan is repayable in instalments starting from 10 July 2020 onwards (payable half yearly), being first 5 instalments of USD 3.50 lac each, next 5 instalments of USD 10.00 lacs each, next 3 for USD 15.00 lacs each and last being USD 27.50 lacs.
12	Intercompany loan from related party	Zuari Investments Limited ('ZIL')	4,757.48	2,400.00	4,642.00	2,400.00	Unsecured	12.00% (P.Y 12.00%)	The loan is repayable in 6 yearly instalments commencing from 31 October 2019 amounting to INR 1,200.00 lacs each (last instalment being INR 1,227.00 lacs).
13	Intercompany loan from related party	Zuari Investments Limited ('ZIL')	2,506.54	-	-	-	Unsecured	12.00%	The loan is repayable in single instalments by March 2023.
14	Loan from body corporate	Shine Star Build-Cap Private Limited	3,500.00	-	-	-	Secured by pledge of Investment in Shares of Zuari Agro Chemicals Limited held by Zuari Global Limited	16.25%	Principal repayment along with other dues, to be paid at the end of 24 months or put option / call option date which year is earlier.

# Zuari Global Limited has provided corporate guarantee in respect of these term loans amounting to INR 45,500.93 lacs (previous year : INR 43,091.93 lacs) in aggregate.

@ The loans received from Sugar Development Fund and under the scheme [Scheme for Extending Financial Assistance to Sugar Undertakings 2018, (SEFASU 2018)] are received at concessional rate of interest i.e. interest rate below market rate. Therefore, the said loans have been fair valued using discounted cash flow technique for initial recognition per Ind AS 20 read with Ind AS 109 and will be subsequently carried at amortized cost. The discount rate which has been used for initial recognition i.e. 11.80% - 12.30% p.a. is benchmarked to other secured financial liabilities of the Company. Differential amount arising on fair valuation is treated as deferred government grant which is amortized over the tenure of loan and is released to statement of profit and loss in the proportion of interest expense.

\$ As per the scheme [Scheme for Extending Financial Assistance to Sugar Undertakings 2014, (SEFASU 2014)], the interest subvention upto 12% or actual rates of interest charged by the banks is provided to the Company through participating banks.

& Interest rates mentioned above indicates interest rates based upon loan sanctioned terms. However, interest is accrued based on effective interest rate method per Ind AS 109.



**Gobind Sugar Mills Limited**
**Notes forming part of the financial statements for the year ended 31 March 2021**

		Rupees in Lacs	
		As at 31 Mar 2021	As at 31 Mar 2020
<b>19 Provisions</b>			
<b>Non-current</b>			
Employee benefit obligations			
Gratuity (refer note 39)		221.76	219.94
Leave encashment		124.52	121.42
		<u>346.28</u>	<u>341.36</u>
<b>Current</b>			
Employee benefit obligations			
Gratuity (refer note 39)		189.23	169.64
Leave encashment		35.96	24.04
		<u>225.19</u>	<u>193.68</u>
<b>20 Other liabilities</b>			
<b>Non-current</b>			
Deferred gain on preference shares issued to entities other than equity shareholders		1,816.68	2,094.58
<u>Unamortised Government Grant - Interest Subvention</u>			
- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Sugar Division		413.02	434.07
- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Power Division		403.55	425.12
- under scheme of Enhancing and augmentation of ethanol Production capacity - Ethanol Division		176.62	184.41
<u>Deferred Government Grant on loans taken at concessional rates of interest:</u>			
- on loan from Sugar Development Fund		466.51	740.51
- on loan from Zila Sahakari Bank Limited, Lakhimpur		365.74	738.81
		<u>3,642.13</u>	<u>4,617.50</u>
<b>Current</b>			
Advance received from customers against sale of goods#		826.84	1,925.98
Statutory dues		773.67	725.75
Deferred gain on preference shares issued to entities other than equity shareholders		277.89	207.18
<u>Unamortised Government Grant - Interest Subvention</u>			
- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Sugar Division		21.05	21.05
- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Power Division		21.57	21.57
- under scheme of Enhancing and augmentation of ethanol Production capacity - Ethanol Division		7.79	7.79
<u>Deferred Government Grant on loans taken at concessional rates of interest:</u>			
- on loan from Sugar Development Fund		273.91	295.10
- on loan from Zila Sahakari Bank Limited, Lakhimpur		373.07	492.29
		<u>2,575.79</u>	<u>3,696.71</u>
#Refer note 40 for advances received against purchase of goods from related parties.			
<b>21 Borrowings (Current)</b>			
<i>Measurement at amortized cost</i>			
Cash credit from banks - secured (refer note 21.2)		14,691.91	16,479.16
Loan from body corporates - unsecured (refer note 21.2)		2,430.00	2,680.00
		<u>17,121.91</u>	<u>19,159.16</u>
<b>Total</b>			
		<u>17,121.91</u>	<u>19,159.16</u>
<b>21.1 Changes in liabilities arising from financing activities:</b>			
	<b>Non-current borrowings (including current maturities)</b>	<b>Current borrowings</b>	<b>Lease liabilities</b>
<b>As at 31 March 2019</b>	<b>52,195.10</b>	<b>19,387.07</b>	<b>-</b>
<b>Cash adjustments</b>			
Cash inflows	10,032.52	-	-
Cash outflows	(5,338.60)	(227.91)	(29.13)
Interest paid	(2,542.62)	(2,105.49)	(28.18)
<b>Non-cash adjustments</b>			
Lease liabilities (Note 38)	-	-	527.73
Forex adjustments	280.42	-	-
Interest accruals/expense	4,793.98	2,105.49	28.18
Effective interest rate adjustments	44.07	-	-
<b>As at 31 March 2020</b>	<b>59,464.87</b>	<b>19,159.16</b>	<b>498.60</b>
<b>Cash adjustments</b>			
Cash inflows	16,512.32	-	-
Cash outflows	(16,079.04)	(2,037.25)	(82.93)
Interest paid	(6,134.56)	(1,965.00)	(55.14)
<b>Non-cash adjustments</b>			
Lease liabilities (refer note 38)	-	-	-
Forex adjustments	(335.17)	-	-
Interest accruals/expense	7,966.35	1,965.00	55.14
Effective interest rate adjustments	(134.65)	-	-
<b>As at 31 March 2021</b>	<b>61,260.12</b>	<b>17,121.91</b>	<b>415.67</b>



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

**Rupees in Lacs**

<b>As at</b>	<b>As at</b>
<b>31 Mar 2021</b>	<b>31 Mar 2020</b>

**22 Trade payables**

-Total outstanding due of micro, small and medium enterprises*	23.74	128.82
-Total outstanding due of creditors other than micro, small and medium enterprises #	30,122.13	35,679.53

<b>Total</b>	<b>30,145.87</b>	<b>35,808.35</b>
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\*Refer note 37 for details of dues to micro and small enterprises.

#Refer note 40 for payables to related parties.

**23 Other financial liabilities (current)**

Measurement at amortized cost		
Current maturities of long term borrowings (Refer Note 18)	12,260.02	11,609.47
Current maturities of lease liabilities	93.40	82.93
Interest accrued but not due on borrowings, deposits and others	761.22	1,804.92
Marked to market value of derivative instruments not designated as hedges	519.22	665.22
Deposits received from sugar agents and others	111.01	114.96
Payable towards purchase of capital goods#	1,182.17	2,094.54
Other payables towards expenses	87.37	108.02
	<b>15,014.42</b>	<b>16,480.06</b>

#Refer note 40 for payable to related parties.

<b>Year ended</b>	<b>Year ended</b>
<b>31 Mar 2021</b>	<b>31 Mar 2020</b>

**24 Revenue from operations**

<b>Operating revenues</b>		
Sale of finished goods	70,039.73	50,674.00
Sale of power	3,111.86	3,627.43
Sale of by-products	164.14	1,195.88
<b>Total (a)</b>	<b>73,315.73</b>	<b>55,497.31</b>
<b>Other operating revenues</b>		
Scrap sales	106.08	62.23
Export subsidy	2,852.25	2,340.49
<b>Total (b)</b>	<b>2,958.33</b>	<b>2,402.72</b>
<b>Total (a+b)</b>	<b>76,274.06</b>	<b>57,900.03</b>

**Notes:****24.1 Disaggregation of revenue from operations:**

The table below presents disaggregated revenue from contracts with customers by geography, offerings and sales channels for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are effected by industry, market and other economic factors. The table also includes a reconciliation of the disaggregated revenue with the Company's strategic divisions, which are its reportable segments (refer note 41).

**Revenues by Geography**

India	62,010.77	49,953.87
Other than India	11,304.96	5,543.44
	<b>73,315.73</b>	<b>55,497.31</b>

**Revenues by Products**

<u>Sale of finished goods</u>		
Sugar	59,001.37	48,396.00
Ethanol	11,038.36	2,278.00
Sale of power	3,111.86	3,627.43
<u>Sale of by-products</u>		
Molasses	115.71	1,180.34
Press-mud	18.53	15.54
Sanitisers	29.90	-
	<b>73,315.73</b>	<b>55,497.31</b>

**Revenues by Sales Channel**

Direct sales	31,509.32	27,451.88
Sales through intermediaries	41,806.41	28,045.43
	<b>73,315.73</b>	<b>55,497.31</b>



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021****Rupees in Lacs**

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	<u>As at</u> <u>31 Mar 2021</u>	<u>As at</u> <u>31 Mar 2020</u>
Trade receivables	4,156.16	4,105.88
<b>Contracts assets</b>		
Unbilled revenues	550.83	543.24
	<u>4,706.99</u>	<u>4,649.12</u>
<b>Contract liabilities</b> (advances from customers against sale of goods)		
Opening balance	1,925.98	1,351.83
Revenue recognized that was included in the contract liability balance at the beginning of the year	(1,925.98)	(1,351.83)
Closing balance	826.84	1,925.98
	<u>Year ended</u> <u>31 Mar 2021</u>	<u>Year ended</u> <u>31 Mar 2020</u>

**25 Other income**

Interest income on		
Loans, deposits, advances etc.	10.40	3.19
Long-term investments	0.10	0.90
Dividend income	0.06	1.80
Fair valuation gains on financial assets measured at fair value through profit and loss	0.02	-
Profit on sale of investments in mutual funds	11.99	17.21
Insurance and other claims	0.34	25.82
Rent and hire charges	8.02	9.91
Unspent liabilities, provisions no longer required and unclaimed balances adjusted	181.17	71.51
Amortization of deferred gain on NCRPS	207.18	153.81

**Government grants:**

Interest reimbursement from U.P Government under Sugar Industry, Cogeneration and Distillery Promotion Policy 2013	245.29	591.74
Interest reimbursement under Scheme for Extending Financial Assistance to Sugar Mills for enhancing and augmentation of ethanol production capacity	452.30	145.69
Assistance to sugar mills for sugar cane purchase	-	451.13
Assistance to sugar mills under the scheme for creation and maintenance of buffer stock	337.70	867.09
Government grants on cane soft loan	9.48	340.11

**Amortisation of Government Grant - Interest Subvention**

- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Sugar Division	21.05	21.05
- under scheme of Sugar Industry, Cogeneration and Distillery Promotion Policy 2013 - Power Division	21.57	21.57
- under scheme of Enhancing and augmentation of ethanol Production capacity - Ethanol Division	7.79	2.60

**Amortisation of Government Grant on loans taken at concessional rates of interest:**

- on loan from Sugar Development Fund	295.19	276.08
- on loan from Zila Sahakari Bank Limited, Lakhimpur	492.29	601.01

Renewable energy certificates income	186.37	476.60
Gain on account of foreign exchange rate fluctuation	335.17	-
Fair value gains on derivatives not designated as hedges	89.35	-
Miscellaneous income	33.21	39.05

<u>2,946.04</u>	<u>4,117.87</u>
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**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

	Rupees in Lacs	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
<b>26 Cost of materials consumed</b>		
Raw materials at the beginning of the year:-		
Sugar cane	56.72	89.81
Bagasse	204.66	491.75
	<b>261.38</b>	<b>581.56</b>
Add: Purchases and procurement expenses	49,072.55	48,440.27
Less: Internal generated bagasse transferred to pre-operative expense (allocated) under power and fuel	-	118.10
Less: Raw materials at the end of the year		
Sugar cane	-	56.72
Bagasse	276.28	204.66
	<b>276.28</b>	<b>261.38</b>
	<b>49,057.65</b>	<b>48,642.35</b>
<b>27 Changes in inventories of finished goods and work-in-progress</b>		
Inventories at the end of the year		
Finished goods	33,782.55	42,225.05
Molasses	3,896.06	3,488.08
By products	131.63	120.91
Work-in-progress	42.98	923.35
Scrap	338.85	288.10
	<b>38,192.07</b>	<b>47,045.49</b>
Inventories at the beginning of the year		
Finished goods	42,225.05	38,685.90
Molasses	3,488.08	4,953.50
By products	120.91	108.46
Work-in-progress	923.35	610.21
Scrap	288.10	235.50
	<b>47,045.49</b>	<b>44,593.57</b>
Changes in inventories of finished goods and work-in-progress	8,853.42	(2,451.92)
Less : Degraded molasses consumption shown separately as exceptional item	(1,201.64)	-
	<b>7,651.78</b>	<b>(2,451.92)</b>
<b>28 Employee benefit expenses</b>		
Salaries, wages, bonus and gratuity expense#^	2,843.22	2,457.77
Contribution to provident fund#	197.74	182.72
Employee welfare expenses	69.06	37.31
	<b>3,110.02</b>	<b>2,677.80</b>
#Refer note 39.		
^Refer note 40 for benefits paid to related parties.		
<b>29 Finance costs</b>		
Interest cost of financial liabilities measured at amortized cost	7,815.60	8,056.45
Unwinding of interest on NCRPS (Refer Note 18.1)	941.15	804.50
Other borrowing costs	137.59	38.13
Exchange difference on foreign currency term loan regarded as adjustment to borrowing costs	-	540.97
	<b>8,894.34</b>	<b>9,440.05</b>
Less: Amounts capitalized towards qualifying assets (refer below)	(43.03)	(1,013.07)
	<b>8,851.31</b>	<b>8,426.98</b>

**Note:**

The capitalization rate used to determine the amount of borrowings costs to be capitalized is weighted average interest rate applicable to the Company's general borrowings during the year ended 31 March 2021: 12.00% p.a. (31 March 2020 : 11.68% p.a.)



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

	Rupees in Lacs	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
<b>30 Depreciation and amortization expenses</b>		
Depreciation of property, plant and equipments	2,465.77	2,071.55
Amortisation of right-of-use assets (refer note 38)	108.20	41.86
Amortization of intangible assets	7.13	9.16
	<b>2,581.10</b>	<b>2,122.57</b>
<b>31 Other expenses</b>		
Consumption of stores and spares	825.90	592.65
Packing materials	592.30	615.47
Power and fuel	33.01	163.81
Repairs to and maintenance of :		
Buildings	97.45	82.11
Machinery	1,327.57	1,212.70
Others	4.99	6.78
Rent (refer note 38)	209.75	298.68
Rates and taxes	82.06	40.31
Insurance	230.26	150.58
Legal and professional	76.08	72.56
Payment to auditors:		
As auditors	21.78	26.00
For certificates and other services	3.03	3.25
Out of pocket expenses	1.59	2.15
Liquidated damages	-	302.18
Commission on sales	77.91	95.78
Freight and forwarding charges	2,407.65	951.25
Charity and donations	10.09	3.42
Loss on disposal of property, plant and equipment	-	1.59
Bad debts, cane subsidies and other receivables written off	0.02	1.08
Molasses and alcohol storage and maintenance reserve (refer note 17)	11.27	6.70
Director's sitting fees (refer note 40)	16.45	8.20
Loss on account of foreign exchange rate fluctuation	-	280.42
Printing and stationary	21.77	25.91
Fair value losses on derivatives not designated as hedges	-	471.52
Service charges for export obligations	-	157.15
Miscellaneous expenses	546.21	534.21
	<b>6,597.14</b>	<b>6,106.46</b>
<b>32 Exceptional items</b>		
Degraded molasses consumption (Refer Note below)	1,201.64	-
	<b>1,201.64</b>	<b>-</b>

Note : Exceptional item represents loss recognised in the Statement of Profit & Loss, due to degradation in quality of molasses pertaining to season 2017-18 and not considered fit for consumption by the management.



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
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**33 Tax expense**

The tax expense comprises of :

Current tax

Deferred tax charge

-	-
(1,144.89)	3,949.72
<u>(1,144.89)</u>	<u>3,949.72</u>

**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**

Profit / (Loss) before tax	169.46	(3,506.34)
Enacted income tax rates in India	25.17%	25.17%
<b>Expected tax (credit) / charge</b>	<b>42.65</b>	<b>(882.55)</b>
Tax effect on expiry of bought forward losses	-	130.11
Tax effect on amounts which are not deductible /(taxable) in calculating taxable income		
Interest on financial liability - NCRPS	236.87	202.48
Amortized deferred gains on NCRPS	(61.62)	(41.87)
Impact of the Taxation Laws (Amendment) Ordinance, 2019 (refer note below) due to:		
Change in tax rates	-	1,020.87
Other benefits no longer available in respect of set off of unabsorbed additional depreciation brought forward and deductions under Chapter VI-A of the Income-tax Act 1961	-	3,514.84
Adjustment made to the written down value under section 115BAA	(1,387.19)	-
Other items	24.40	5.85
	<u>(1,144.89)</u>	<u>3,949.73</u>

**Note:**

The Company elected to exercise the option, in the year ended 31 March 2020, of reduced income-tax rates permitted under section 115BBA of the Income-tax Act 1961 ("the Act"), as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, deferred tax assets (net) are re-measured, basis the rate prescribed in the said section subject to certain conditions as prescribed therein. Impact on account of change in income tax rates amounted to INR 1,020.87 lacs and other benefits no longer available in respect of set off of unabsorbed additional depreciation brought forward and deductions under Chapter VI-A under the heading "C - deductions in respect of certain incomes" of the Act amounted to INR 3,514.84 lacs. The full impact of this change amounting to INR 4,535.71 lacs has been recognized during the year ended 31 March 2020. Accordingly, tax expense presented in the financial statements for the year ended 31 March 2020 is higher by one time charge of INR 4,535.71 lacs on account of remeasurement of deferred tax assets (net).

**34 Earnings per share (EPS)**

Basic and Diluted EPS amounts are calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

<b>Profit / (Loss) attributable to equity share holders of the Company</b>	<b>1,314.35</b>	<b>(7,456.06)</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	44,73,047	44,73,047
Face value per share (INR per share)	10.00	10.00
<b>Profit / (Loss) per share (basic and diluted) (INR)</b>	<b>29.38</b>	<b>(166.69)</b>

**Reconciliation of numbers of shares considered above for computing earnings per share:-**

	As at 31 Mar 2021	As at 31 Mar 2020
<b>Equity shares</b>		
Opening	44,73,047	37,30,917
Issued during the year [refer note 17(a)(i) for details]	-	7,42,130
<b>Closing</b>	<b>44,73,047</b>	<b>44,73,047</b>
<b>CCPS</b>		
Opening	-	7,42,130
Issued during the year	-	-
Converted during the year [refer note 17(a)(i) for details]	-	-7,42,130
<b>Closing</b>	<b>-</b>	<b>-</b>
<b>Weighted average number of share used above</b>	<b>44,73,047</b>	<b>44,73,047</b>



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

<u>As at</u>	<u>As at</u>
<u>31 Mar 2021</u>	<u>31 Mar 2020</u>

**35 Contingent liabilities**

(i) Demands / claims by various government authorities and others not acknowledged as debts and contested by the Company

i) Excise duty and service tax	22.78	22.78
ii) Sales tax and entry tax	4.42	4.42
iii) Others	5.12	5.12
	<b>32.32</b>	<b>32.32</b>

Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Company, the management does not expect these claims to succeed and hence, no provision against above is considered necessary.

(ii) **Value added tax/Sales tax liability on sale of molasses**

The Company has sold molasses to certain parties without charging sales tax on the basis of stay order by Hon'ble High Court of Allahabad and is pending with Hon'ble Supreme Court. It says that during the pendency of special appeal before Hon'ble Supreme Court, the Company shall not realise taxes on sale of molasses. In case the order is decided against the parties by the Hon'ble Supreme Court, the Company would be liable to collect and pay VAT/Sales tax to the department along with interest and penalty. Amount involved is indeterminate.

**36 Capital and other commitments****Capital commitments contracted at the end of the reporting period but not recognized as liabilities is as follows:-**

Property, plant and equipment	93.78	32.85
	<b>93.78</b>	<b>32.85</b>

**37 Information related to dues payable to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, based on the information available with the Company -**

a) Principal amounts remaining unpaid	23.74	128.82
b) Interest accrued and due thereon remaining unpaid	5.90	3.97
c) Interest paid by the company in terms of Section 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act, 2006.	-	-
e) Interest accrued and remaining unpaid as at the end of the year	5.90	15.13
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	5.90	15.13





### 38 Leases

Where Company is a Lessee

The Company leases several buildings in form of sugar godown and registered office:

Lease term is :	(in years)
Sugar Godowns	3
Registered office	9

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

#### i. Right-of use asset

Right-of-use assets related to leased buildings that do not meet the definition of investment property are presented as property, plant and equipment below:

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Opening balance (refer note 47)	485.87	-
Additions	-	527.73
Depreciation	(108.20)	(41.86)
<b>Closing balance</b>	<b>377.67</b>	<b>485.87</b>

#### ii. Lease liabilities

Opening balance (refer note 47)	498.60	-
Additions	-	527.73
Interest accrued	55.14	28.18
Payments	(138.07)	(57.31)
<b>Closing balance</b>	<b>415.67</b>	<b>498.60</b>
Current (current maturities of lease liabilities)	93.40	82.93
Non current	322.27	415.67

Note : Refer note 43 for maturity analysis of lease liabilities.

#### iii. Amounts recognized in the statement of profit or loss

Depreciation	30	108.20	41.86
Interest on lease liabilities	29	55.14	28.18
Income from sub-leasing right-of-use assets	25	(8.02)	(9.91)
Rent Expenses on short-term leases	31	209.75	298.68
<b>Net impact on statement of profit and loss</b>		<b>365.07</b>	<b>358.81</b>

#### iv. Amounts recognized in the cash flow statement

Payment for finance cost	55.14	28.18
Payment of lease liabilities	82.93	29.13
<b>Total cash outflows</b>	<b>138.07</b>	<b>57.31</b>

v. Extension and termination options are included in a leases of building in the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension and termination options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments when the Company is reasonably certain of exercising the extension and not exercising the termination options and the impacts of the same have been captured while calculating lease liabilities under Ind AS 116.

vi. Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

vii. The Company does not have any variable lease payment arrangements.

Where Company is a Lessor

The Company has sub-leased out some of its short term leased properties. All leases are classified as operating leases from a lessor perspective where head lease is a short term lease considering sub-lease classification under the accounting standard.

Operating lease (sub-leases classified as operating leases).

The Company has leased one of its sugar godown which is classified as a short term lease. Rental income recognized during the year amounts to INR 8.02 lacs (PY - INR 9.91 lacs)



**Gobind Sugar Mills Limited**
**Notes forming part of the financial statements for the year ended 31 March 2021**
**Rupees in Lacs**
**21.2 Details of short term borrowings#**

S No	Nature of loan	Lender	As at	As at	Nature of securities	Interest rate
			31 Mar 2021	31 Mar 2020		
1	Cash credit limit	State Bank of India (Kolkata)	4,064.54	6,135.20	<b>Primary</b> Hypothecation charge on entire current assets including book debts both present and future on pari passu basis with other working capital lenders. <b>Collateral</b> Extension of 2nd charge on the entire fixed assets of the Company on pari passu 2nd Charge basis with other working capital lenders. *Receivables from the power project jointly financed by IREDA and SBI shall be first shared on pari passu charge basis between SBI and IREDA for the term loan and on second pari passu charge basis for working capital facilities and soft loan of SBI.	10.75%-11.25% (P.Y. 10.75%-17.00%)
2	Cash credit limit	Zila Sahakari Bank Ltd. (Khamaria)	5,894.15	5,692.59		9.55% (P.Y. 9.55%- 10.05% )
3	Cash credit limit*	Zila Sahakari Bank Ltd. (Barabanki)	1,999.98	1,769.59	First charge on finished goods, work in progress and raw material. Pari passu charge on land ,building and plant and machinery against principal and interest amount.	10.25% (P.Y. 10.25%)
4	Cash credit limit	Zila Sahakari Bank Ltd. (Pilibhit)	1,154.65	1,298.26		9.55%- 10.05% (P.Y. 10.05%)
5	Cash credit limit*	Zila Sahakari Bank Ltd. (Shahjahanpur)	1,578.59	1,583.52		8.90%- 10.05% (P.Y. 10.05%)
6	Loan from body corporates	Texmaco Infrastructure & Holding Limited	850.00	1,100.00	Unsecured	12.50% (P.Y. 12.50%)
7	Loan from body corporates	Adventz Security Enterprises Limited	80.00	80.00		12.50% (P.Y. 12.50%)
8	Loan from body corporates	Adventz Investment & Holding Limited	1,500.00	1,500.00		12.50% (P.Y. 12.50%)

#All short term borrowings are repayable on demand.

\* Charges against the same are yet to be created.

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**Gobind Sugar Mills Limited**

Notes forming part of the financial statements for the year ended 31 March 2021

Rupees in Lacs

**39 Employee benefit obligations**

Particulars	31 Mar 2021		31 Mar 2020	
	Current	Non-current	Current	Non-current
Gratuity	189.23	221.76	169.64	219.94
Leave encashment	35.96	124.52	24.04	121.42
<b>Total</b>	<b>225.19</b>	<b>346.28</b>	<b>193.68</b>	<b>341.36</b>

**A Defined benefits plans - Gratuity**

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of five years service.

**Policy for recognizing actuarial gains and losses:**

Actuarial gains and losses of defined benefit plan arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in other comprehensive income. Risks associated with the plan provisions are actuarial risks. These risks are investment risk, interest rate risk, mortality risk and salary risk.

**Interest rate risk**

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in INR. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

**Investment risk**

Plan assets comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').

**Mortality risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. A change in mortality rate will have a bearing on the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Description	Year ended 31 Mar 2021	Year ended 31 Mar 2020
(i) Amount recognized in the statement of profit and loss is as under:		
Current service cost	69.83	65.71
Interest cost	49.94	53.03
<b>Net impact on profit / loss (before tax)</b>	<b>119.77</b>	<b>118.74</b>
Actuarial loss/(gain) recognized during the year	(21.62)	(49.19)
<b>Amount recognized in total comprehensive income</b>	<b>98.15</b>	<b>69.55</b>
(ii) Change in the present value of obligation:		
<b>Present value of defined benefit obligation as at the beginning of the year</b>	<b>729.09</b>	<b>716.68</b>
Current service cost	69.83	65.71
Interest cost	49.94	53.03
Benefits paid	(43.44)	(57.14)
Actuarial gain	(21.62)	(49.19)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>783.80</b>	<b>729.09</b>
(iii) Movement in the plan assets recognized in the balance sheet is as under:		
<b>Fair value of plan assets at the beginning of the year</b>	<b>339.51</b>	<b>340.77</b>
Interest income	23.26	25.22
Contributions	52.97	30.40
Benefits paid	(43.44)	(57.14)
Actuarial gains/(losses)	0.51	0.26
<b>Fair value of plan assets at the end of the year</b>	<b>372.81</b>	<b>339.51</b>
(iv) Reconciliation of present value of defined benefit obligation and the fair value of assets:		
Present value of funded obligation as at the end of the year	783.80	729.09
Fair value of plan assets as at the end of the year	372.81	339.51
<b>Unfunded/funded net liability recognized in balance sheet</b>	<b>410.99</b>	<b>389.58</b>



**Gobind Sugar Mills Limited**

Notes forming part of the financial statements for the year ended 31 March 2021

Rupees in Lacs

**Gobind Sugar Mills Limited**

Notes forming part of the financial statements for the year ended 31 March 2021

Rupees in Lacs

	As at 31.03.2021	As at 31.03.2020
(v) Breakup of actuarial (gain)/loss:		
Actuarial loss from change in demographic assumption	-	0.36
Actuarial (gain)/loss from change in financial assumption	1.91	(16.95)
Actuarial gain from experience adjustment	(23.53)	(32.58)
<b>Total actuarial (gain)/loss</b>	<b>(21.62)</b>	<b>(49.17)</b>
(vi) Actuarial assumptions		
Discount rate	6.80%	6.85%
Rate of increase in compensation levels	8 % for first 2 years and 6.5% thereafter	8 % for first 2 years and 6.5% thereafter
Expected rate of return on plan assets	7.50%	7.50%
Retirement age	58 years	58 years

**Notes:**

- 1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- 3) Plan assets comprise funds managed by the insurer i.e. Life Insurance Corporation of India ('LIC').
- 4) The best estimated expense for the next year is INR 104.82 lacs.

(vii) The major categories of plan assets as a percentage of total plan assets are as follows:

Investments with LIC	100%	100%
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**(viii) Sensitivity analysis for gratuity liability****Impact of change in discount rate**

Present value of obligation at the end of the year

- Impact due to increase of 0.50 %	(18.82)	(18.44)
- Impact due to decrease of 0.50 %	19.93	19.51

**Impact of change in salary increase**

Present value of obligation at the end of the year

- Impact due to increase of 0.50 %	19.84	19.43
- Impact due to decrease of 0.50 %	(18.91)	(18.54)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be co-related. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not changed as compared to previous year.

**(ix) Maturity profile of defined benefit obligation**

Within next 12 months	189.23	169.64
Between 1-5 years	280.67	256.73
Beyond 5 years	313.90	302.71

(x) Weighted average duration of defined benefit obligation is 10.64 years as at 31 March 2021 and 10.63 years as at 31 March 2020.

**B Leave encashment****Amount recognized in the statement of profit and loss is as under:**

Current service cost	38.10	42.45
Interest cost	9.96	9.70
Actuarial gain / (loss) recognized during the year	(17.48)	3.98
<b>Amount recognized in the statement of profit and loss</b>	<b>30.58</b>	<b>56.13</b>

**C Defined contribution plans**

The Company has also certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of '12% of the basic salary as per regulations. The contributions are made to registered provident fund administered by Government of India. The obligations of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligations. The expense recognized during the year towards defined contribution plan is INR 197.74 lacs ( 31 March 2020 - INR 182.72 lacs).





**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021****40 Related party disclosures as per Ind AS-24:****List of related parties:-****(i) Related parties where control exists:****Ultimate holding company**

Zuari Global Limited

**Holding company**

Zuari Investments Limited

**(ii) Related parties with whom transactions have taken place during the year:****Fellow subsidiaries**

Indian Furniture Products Limited

Simon India Limited

Zuari Insurance Brokers Limited

Zuari Finserv Limited

Zuari Sugar &amp; Power Limited

Zuari Management Services Limited

**Joint venture of subsidiary of ultimate holding company**

Forte Furniture India Private Limited

**Associate of holding company**

New Eros Tradecom Limited

**Key management personnel****Chairman**

Shri Akshay Poddar (appointed w.e.f 12 June 2020)

**Managing Director**

Shri R.S. Raghavan

**Executive Director**

Shri Alok Saxena (appointed w.e.f 3 February 2020)

Shri Vijay Kathuria (appointed w.e.f 3 February 2020 and resigned w.e.f 31 October 2020)

**Independent Director**

Shri Marco Wadia

Shri L. M. Chandrasekaran

Smt Manju Gupta (appointed w.e.f 8 August 2020)

Shri Bhaskar Chatterjee (appointed w.e.f 3 February 2020)

Smt Indira Varadarajan (till 31 March 2020)

**(iii) Related party transactions and balances**

	<b>Rupees in Lacs</b>	
	<b><u>Year ended</u></b> <b><u>31 Mar 2021</u></b>	<b><u>Year ended</u></b> <b><u>31 Mar 2020</u></b>
<b>a. Zuari Global Limited</b>		
Professional service received	-	120.00
<b><u>Closing Balances - Receivable / (Payable)</u></b>		
Trade Payables	-	(64.80)
Corporate Guarantees received for borrowings taken by the Company from banks and financial institutions	45,500.93	43,091.93
<b>b. Zuari Investments Limited</b>		
Finance Cost - Unwinding of interest on NCRPS	19.51	16.67
Finance Cost - Interest Expenses on borrowings	903.06	966.96
Borrowings Received (Net of repayments)	2,622.02	-
<b><u>Closing Balances - Receivable / (Payable)</u></b>		
Financial Liability part of NCRPS	(134.33)	(114.82)
Borrowings	(9,664.02)	(7,042.00)
Interest accrued on borrowings	(273.44)	(1,242.29)
Trade Payables	(199.80)	(199.80)



**Gobind Sugar Mills Limited****Notes forming part of the financial statements for the year ended 31 March 2021****(iii) Related party transactions and balances**

	Rupees in Lacs	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
<b>c. Zuari Sugar &amp; Power Limited</b>		
Finance Cost - Unwinding of interest on NCRPS	667.57	570.64
Rent received	8.02	9.91
Reimbursement of expenses - Received	7.92	12.84
Sale of finished goods	9,228.07	16,094.36
<u>Closing Balances - Receivable / (Payable)</u>		
Financial Liability part of NCRPS	(4,597.72)	(3,930.15)
Advance from customers	(3.52)	(711.91)
<b>d. Simon India Limited</b>		
Finance Cost - Unwinding of interest on NCRPS	218.01	186.35
Purchase of property, plant and equipment	3.26	19.07
<u>Closing Balances - Receivable / (Payable)</u>		
Financial Liability part of NCRPS	(1,501.44)	(1,283.43)
Capital Creditors	(0.17)	(131.85)
<b>e. Zuari Insurance Brokers Limited</b>		
Finance Cost - Unwinding of interest on NCRPS	15.87	13.56
<u>Closing Balances - Receivable / (Payable)</u>		
Financial Liability part of NCRPS	(109.28)	(93.41)
<b>f. New Eros Tradecom Limited</b>		
Finance Cost - Unwinding of interest on NCRPS	13.94	11.92
<u>Closing Balances - Receivable / (Payable)</u>		
Financial Liability part of NCRPS	(96.03)	(82.09)
<b>g. Zuari Finserv Limited (earlier known as Zuari Finserv Private Limited)</b>		
Professional services received	1.82	1.85
<u>Closing Balances - Receivable / (Payable)</u>		
Trade Payables	(1.52)	(2.04)
<b>h. Zuari Management Services Limited</b>		
Professional services received	92.42	22.40
<u>Closing Balances - Receivable / (Payable)</u>		
Trade Payables	(7.56)	-
<b>i. Forte Furniture India Private Limited</b>		
Purchase of property, plant and equipment	-	2.09
<u>Closing Balances - Receivable / (Payable)</u>		
Capital Creditors	-	(1.21)
<b>j. Indian Furniture Products Limited</b>		
Purchase of property, plant and equipment	-	9.27
<b>k. Remuneration to key managerial personnel</b>		
<b>Key management personnel</b>		
Shri R. S. Raghavan	96.00	12.14
Shri Alok Saxena	67.67	6.60
Shri Vijay Kathuria	8.93	-
<b>l. Director's sitting fees</b>		
Shri Akshay Poddar	2.25	-
Shri Bhaskar Chatterjee	3.75	0.40
Shri Marco Wadia	4.50	2.85
Smt Indira Varadarajan	-	1.85
Shri L. M. Chandrasekaran	4.75	3.10
Smt Manju Gupta	1.20	-



**Gobind Sugar Mills Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021**

Rupees in Lacs

**41 Segment information**

For operational management purposes, the Company is organised into business units based on its products and has three reportable segments:

- Sugar division which is involved in extraction of Sugar from Sugar Cane;
- Power division which is involved in co-generation of Power using by product of Sugar division i.e. bagasse.
- Ethanol division which is involved in manufacturing of ethanol using Molasses.

The Board of Directors (BoD) is collectively the chief operating decision maker. BoD monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Company's financial statements. Accounting policies used for recognition and measurement of performance of segments are consistent with accounting policies applied in the preparation of these financial statements.

**a Segment revenue**

Sales between the segments are carried out at arm's length price and are eliminated during the reporting. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

	<u>Sugar</u>		<u>Power</u>		<u>Ethanol</u>		<u>Eliminations</u>		<u>Total</u>	
	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
Revenue from operations:										
External customers	62,093.98	51,994.60	3,111.86	3,627.43	11,068.22	2,278.00	-	-	76,274.06	57,900.03
Inter segment transactions	13,067.42	7,024.97	3,645.61	3,501.08	250.33	135.89	(16,963.35)	(10,661.94)	-	-
<b>Total revenue from segments</b>	<b>75,161.40</b>	<b>59,019.57</b>	<b>6,757.47</b>	<b>7,128.51</b>	<b>11,318.55</b>	<b>2,413.89</b>	<b>(16,963.35)</b>	<b>(10,661.94)</b>	<b>76,274.06</b>	<b>57,900.03</b>

**Revenue from operations as per Statement of Profit and Loss**

**76,274.06      57,900.03**

**b Segment results**

Segments profit/(loss) during the year before depreciation and amortization, finance costs and tax	6,171.19	2,201.34	2,447.44	1,927.54	1,461.38	(331.61)	-	-	10,080.01	3,797.27
Depreciation and amortization	1,308.69	1,252.32	680.53	680.99	591.87	189.26	-	-	2,581.09	2,122.57
<b>Profit/(loss) before tax</b>	<b>4,862.50</b>	<b>949.02</b>	<b>1,766.91</b>	<b>1,246.55</b>	<b>869.51</b>	<b>(520.87)</b>	<b>-</b>	<b>-</b>	<b>7,498.92</b>	<b>1,674.70</b>
<b>Unallocable incomes and expenses</b>										
Finance costs									(8,851.31)	(8,426.98)
Other expenses									(222.55)	(871.93)
Other incomes									2,946.04	4,117.87
<b>Profit / (Loss) before tax as per Statement of Profit and Loss</b>									<b>1,371.10</b>	<b>(3,506.34)</b>
Exceptional items (sugar business)									(1,201.64)	-
<b>Profit / (Loss) before tax as per Statement of Profit and Loss</b>									<b>169.46</b>	<b>(3,506.34)</b>

**c Segment assets**

Total segment assets	64,981.62	77,671.07	18,630.66	20,425.14	22,054.60	17,795.24	-	-	1,05,666.88	1,15,891.45
Unallocated items										
Deferred tax assets									4,434.80	3,295.76
Investments									271.14	16.25
<b>Total assets</b>									<b>1,10,372.82</b>	<b>1,19,203.46</b>

**c Segment liabilities**

Total segment liabilities	47,267.78	54,967.51	-	-	-	-	-	-	47,267.78	54,967.51
Unallocated items										
Non-current liabilities									53,310.78	53,229.93
Other liabilities									17,815.40	20,370.45
<b>Total liabilities</b>									<b>1,18,393.96</b>	<b>1,28,567.89</b>



**Gobind Sugar Mills Limited**  
**Notes forming part of the financial statements for the year ended 31 March 2021**

**42 Fair value measurements**

**42.1 Financial instruments by category**

		Rupees in Lacs	
		As at 31 Mar 2021	As at 31 Mar 2020
<b>Financial assets</b>			
<b>A FVTOCI financial instruments:</b>			
Investment in quoted equity shares [refer note (i) below]		16.64	15.25
<b>B Amortized cost:</b>			
Other financial assets		294.80	196.71
Trade receivables		4,156.16	4,105.88
Cash and cash equivalents		433.41	141.21
Other bank balances		84.87	3.89
Loans		36.89	4.47
Investments in unquoted-non trade investments		1.50	1.00
Other financial assets (current)		6,652.19	6,760.19
<b>C Fair value through profit and loss:</b>			
Investment in mutual funds		253.00	-
		<b>11,929.46</b>	<b>11,228.60</b>
<b>Financial liabilities</b>			
<b>A Amortized cost:</b>			
Non-current borrowings		49,000.10	47,855.40
Current borrowings		17,121.91	19,159.16
Trade payables		30,145.87	35,808.35
Lease liabilities		322.27	415.67
Other financial liabilities (current)		15,014.42	16,480.06
		<b>1,11,604.57</b>	<b>1,19,718.64</b>

**Notes:**

- (i) The equity securities for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit and loss are investments which are not held for trading purposes.
- (ii) The management assessed that carrying value of financial assets and financial liabilities, carried at amortized cost, are approximately equal to their fair values at respective balance sheet dates and do not significantly vary from the respective amounts in the balance sheet.

**42.2 Fair value hierarchy**

Each class of assets and liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based in the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of assets measured at fair value as at 31 March 2021 and 31 March 2020:

	Level 1	Level 2	Level 3	Total
<b>Recurring basis:</b>				
<b>Financial assets measured at FVTOCI (Investment in equity shares)#</b>				
As at 31 March 2021				
Carrying value	16.64	-	-	16.64
Fair value	16.64	-	-	16.64
As at 31 March 2020				
Carrying value	15.25	-	-	15.25
Fair value	15.25	-	-	15.25
<b>Financial assets measured at FVTPL (Investment in mutual funds)#</b>				
As at 31 March 2021				
Carrying value	253.00	-	-	253.00
Fair value	253.00	-	-	253.00
As at 31 March 2020				
Carrying value	-	-	-	-
Fair value	-	-	-	-
<b>Derivative instruments not designated as hedges measured at FVTPL</b>				
As at 31 March 2021				
Carrying value	-	519.22	-	519.22
Fair value	-	519.22	-	519.22
As at 31 March 2020				
Carrying value	-	665.22	-	665.22
Fair value	-	665.22	-	665.22

**Notes:**

# These investments are valued using market quoted prices.

There were no transfers between level 1 and level 2.





**43 Financial instruments risk**

**Risk management objectives and policies**

The Company's principal financial liabilities are loans, borrowings, trade and other payables and principal financial assets are trade and other receivables. Also, the Company holds some equity investments with value being not material.

The Company is currently exposed to market risk, credit risk and liquidity risk. The Company's senior management looks after the management of these risks. The Company's management advises on financial risks and the appropriate financial risk governance framework for the Company. The Board of Directors reviews and agrees policies for managing each of these risks on an ongoing basis, which are summarized below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and currency risk.

**(i) Interest rate risk**

The Company has various term loans (short term and long term) from banks and financial institutions, inter corporate deposits and cash credit limits from various banks. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates (long term and short term). The Company always try to ensure minimal cash outflows. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher

**Interest rate risk exposure**

Below is the overall exposure of the Company's to interest rate risk:

Particulars	31 Mar 2021	31 Mar 2020
Variable rate borrowings	14,691.91	23,475.98
Fixed rate borrowings	63,690.12	55,148.05
<b>Total borrowings</b>	<b>78,382.03</b>	<b>78,624.03</b>

**Interest rate sensitivity**

	<b>+/(-) in basis points</b>		<b>Effect on loss before tax</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
As at 31.03.2021	+50	-50	73.46	(73.46)
As at 31.03.2020	+50	-50	108.46	(108.46)

In order to achieve its objective, to mitigate risk of future cash outflows due to floating interest rates, the Company has entered into interest rate swap transaction (floating to fixed rate of interest) for its foreign currency term loan.

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings and interest payments thereon.

The Company manages its foreign currency risk by hedging payments that are to be made within a maximum of 12 months period through currency futures. As on balance sheet date, the Company has hedged its expected foreign currency payments (interest payments as of now being payable subsequently) which are to be made with in 12 months.

**Unhedged foreign currency risk exposure in USD:**

The Company's exposure to foreign currency risk at the end of the reporting period, is as follows;

	<u>As at</u> <u>31.03.2021</u> <u>USD</u>	<u>As at</u> <u>31.03.2021</u> <u>INR in lacs</u>	<u>As at</u> <u>31.03.2020</u> <u>USD</u>	<u>As at</u> <u>31.03.2020</u> <u>INR in lacs</u>
Financial liabilities - Foreign currency borrowings	1,33,00,000	9,753.92	1,44,03,522	10,536.67

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	<b>+/(-) in basis points</b>		<b>Effect on loss before tax</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
As at 31.03.2021	+500	-500	665.00	(665.00)
As at 31.03.2020	+500	-500	720.18	(720.18)



**Gobind Sugar Mills Limited**  
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Rupees in Lacs

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss and other adverse consequences. The Company is exposed to credit risk from its operating activities primarily from trade receivables including unbilled revenues and incentive receivables from Government.

Customer credit risk is managed through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the security held in his account. Outstanding customer receivables are regularly monitored. Also considering the nature of the business, the sugar division of the Company do not have any outstanding trade receivables.

Financial Assets	As at 31.03.2021	As at 31.03.2020
Trade receivables (including unbilled revenues) (refer note)		
Not due	550.83	543.24
Overdue ( 0-12 months)	4,156.16	4,105.88
Cash and cash equivalents	433.41	141.21
Other bank balances	358.66	190.96
Loans	36.89	4.47
Security deposits	21.01	9.64
Investments in unquoted securities	1.50	1.00
Other receivables	146.39	331.88
Incentive receivables (refer note)	5,954.97	5,885.07
	<b>11,659.82</b>	<b>11,213.35</b>

**Note:**

The credit is reduced, presently, since the Company sells sugar on 'cash and carry' basis. Surplus power is sold to UP Government based on power purchase agreement with Uttar Pradesh Power Corporation Limited and Ethanol is sold to Oil Marketing companies which are Central Government Undertakings. The risk of not realising is non-existent in case of sale of power and ethanol but there could be delays. Incentive receivables consists of interest subventions and export subsidy receivables from Government, therefore credit risk in this regard is considered to be insignificant.

**Liquidity risk**

The Company monitors its risk of a shortage of funds using future cash flow projections. The Company manages its liquidity needs by continuously monitoring cash flows from customers and by maintaining adequate cash and cash equivalents. The Company's objective is to maintain a balance between continuity of funding and flexibility through shareholder funds or borrowings from the holding Company or sister concerns. Considering the stability of the Company's holding Company, liquidity risk of the Company is considered to be low.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Upto 1 year	1 to 5 years	Beyond 5 years	Total as at 31.03.2021
Borrowings				
Non current				
Borrowings (other than financial liability part of NCRPS)	12,260.02	38,373.90	4,144.25	54,778.17
Contractual outflow of NCRPS	-	8,175.00	4,485.00	12,660.00
Current borrowings	17,121.91	-	-	17,121.91
Trade payables	30,145.87	-	-	30,145.87
Lease liabilities (including current maturities)	93.40	322.27	-	415.67
Other financial liabilities	2,661.00	-	-	2,661.00
	<b>62,282.20</b>	<b>46,871.17</b>	<b>8,629.25</b>	<b>1,17,782.62</b>

Particulars	Upto 1 year	1 to 5 years	Beyond 5 years	Total as at 31.03.2021
Borrowings				
Borrowings (other than financial liability part of NCRPS)	11,609.47	34,166.60	8,148.01	53,924.08
Contractual outflow of NCRPS	-	5,300.00	7,360.00	12,660.00
Current borrowings	19,159.16	-	-	19,159.16
Trade payables	35,808.35	-	-	35,808.35
Lease liabilities (including current maturities)	82.93	415.67	-	498.60
Other financial liabilities	4,787.66	-	-	4,787.66
	<b>71,447.57</b>	<b>39,882.27</b>	<b>15,508.01</b>	<b>1,26,837.85</b>



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Rupees in Lacs

**Derivative Financial Instruments:**

The Company uses derivative instruments as part of its management of exposure to fluctuations in interest rates and foreign currency rates. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage treasury risks. Treasury derivative transactions are normally in the form of forward contracts or swap contracts and these are subject to the Company's guidelines and policies.

Derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on valuations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within other financial assets/liabilities, as applicable. The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

**Non qualifying hedges**

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include as on date include "Interest Rate Swaps" and "Forward Dollar Purchase Contracts" being entered by the Company with bankers to hedge floating interest foreign currency loan and interest payments as due related thereto. Fair value changes on such derivative instruments are recognized in the Statement of Profit and Loss.



Rupees in Lacs	
As at	As at
31 Mar 2021	31 Mar 2020

**44 Capital management**

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Company. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders, ensure access to external sources of financing, in part by maintaining an adequate rating and reducing cost of capital. In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require.

The management constantly monitors and reviews the debt to equity ratio. As part of this review, the management considers the cost of capital and risks associated with each class of capital requirements and maintenance of adequate liquidity buffer. The management of the Company are making due efforts to improve the ratios. The position on reporting date is summarized in the following table:

Long term borrowings (including financial liability part of non convertible redeemable preference shares)	49,000.10	47,855.40
Lease liabilities	322.27	415.67
Current maturities of long-term borrowings including lease liabilities	12,353.42	11,692.40
Short-term borrowings	17,121.91	19,159.16
<b>Total Debt (a)</b>	<b>78,797.70</b>	<b>79,122.63</b>
<b>Total Equity (b)</b>	<b>(8,021.14)</b>	<b>(9,364.43)</b>
<b>Debt to Equity (a/b) *</b>	<b>Nil</b>	<b>Nil</b>

\* Shown as nil being negative.

**45 Assets pledged as security:**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

**Financial assets**Current

Trade receivables	4,156.16	4,105.88
Cash and cash equivalents	433.41	141.21
Other bank balances	84.87	3.89
Loans	36.89	4.47
Other financial assets	6,652.19	6,760.19

Non current

Fixed Deposits with Banks	273.79	187.07
<b>Total financial assets (a)</b>	<b>11,637.31</b>	<b>11,202.71</b>

**Non financial assets**Current

Inventories	39,128.51	48,066.15
Other current assets	1,378.51	1,363.55

Non current

Property, plant and equipment	52,646.18	54,300.74
Capital work-in-progress	220.81	250.60
<b>Total non financial assets (b)</b>	<b>93,374.01</b>	<b>1,03,981.04</b>

**Total assets pledged as security (a + b)**

<b>1,05,011.32</b>	<b>1,15,183.75</b>
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**46 Changes in accounting policies:**

Except for the changes below applied the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company had adopted Ind AS 116 on Leases with effect from 1 April 2019 using "Modified Retrospective Approach" during year ending 31 March 2020. There was no impact of adoption of Ind AS 116 on the retained earnings of the Company on transition date as the Company had availed practical expedient available in the revised reporting standard for transition. It says, the leases for which the lease term ends within 12 months of the date of initial application i.e. 1 April 2019, the entity shall account for those leases in the same way as short-term leases. As on transition date, there were no leases with lease term being more than 12 months on the transition date and therefore, the Company has accounted for all the lease on date of transition as short term leases as described in the accounted standard.

47 As on 31 March 2021, the accumulated losses of the Company amounted to INR 17,789.55 lacs. The management of the Company is confident to generate sufficient profits and cash from operations in near future considering improved sugar sale prices, industry focused state and central government trade policies, expanded operations in form of commencement of Ethanol Plant (Distillery having capacity of 100,000 litres per day) and setting up of 16 MW Co-generation Power Plant. Also, the Company has availed moratorium period for principal and interest payments, under Covid 19 - Regulatory Package announced by Reserve Bank of India by rescheduling its repayments of loans and payment of interest. In view of the same, the management of the Company is confident of generating sufficient cash flows in the future to meet the Company's financial obligations. Hence, these financial statements have been prepared on a going concern basis.





**Gobind Sugar Mills Limited**

**Notes forming part of the financial statements for the Year ended 31 March 2021**

- 48 The management of the Company has considered the possible impacts of COVID 19 in preparation of these financial statements including all internal and external sources of information, economic forecasts and estimates from market sources as at the date of the approval of these financial statements in determining carrying values of its assets and liabilities in accordance with applicable accounting standards. On the basis of the evaluation and current indicators of future economic conditions, the Company assessed the impact of the situation on the capital, profitability, liquidity positions etc., and based on their assessment, the pandemic doesn't have any material impact on the financial statements of the Company. The management will continue to closely monitor any material change to future economic conditions and would take necessary actions accordingly.
- 49 The Board of Directors of the Company, vide resolution dated 17 July 2020 has accorded its consent for Scheme of Amalgamation between Zuari Global Limited (the ultimate holding company), the Company and their respective shareholders and creditors ('Scheme'). The Company received the observation letter of Metropolitan Stock Exchange of India on 18 January 2021 and approved the revised Scheme in its Board of Directors meeting held on 05 February 2021. Company has filed the first motion application with Hon'ble National Company Law Tribunal, Delhi Bench (NCLT) on 27 February 2021 and received the Order of Hon'ble NCLT on 15 March 2021 giving dispensation for meetings of Preference Shareholders and Unsecured Creditors and to convene the meetings of Equity Shareholders and Secured Creditors on 30 April 2021 through Video Conferencing. The resolution for approval of the Scheme has been approved by the Equity Shareholders and Secured Creditors in their respective meeting held on 30 April 2021. The Board of Directors of Zuari Global Limited have also accorded consent to the Scheme vide their resolution dated 17 July 2020. The appointed date of Amalgamation as per scheme is 1 April 2020.
- 50 Previous years figures have been regrouped wherever considered necessary to conform to current year's classification.

As per our report of even date.

For V Sankar Aiyar & Co  
Chartered Accountants  
Firm's Registration No.: 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No.: 090104

Place: New Delhi  
Date: 18 May 2021



For and on behalf of the Board of Directors of  
Gobind Sugar Mills Limited

*R.S. Raghavan*  
R.S. Raghavan  
(Managing Director)  
DIN: 00362555

Place: Gurugram  
Date: 18 May 2021

*Dharmendra Roy*  
Dharmendra Roy  
(Chief Financial Officer)  
PAN: ADCPR3374B

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Alok Saxena*  
Alok Saxena  
(Executive Director-Operations)  
DIN: 08640419

Place: Aira, Lakhimpur  
Date: 18 May 2021

*Gaurav Dutta*  
Gaurav Dutta  
(Company Secretary)  
Membership No. A 24445

Place: Gurugram  
Date: 18 May 2021

